

Herald Tribune

Published With The New York Times and The Washington Post

PARIS, WEDNESDAY JANUARY 30, 1985

ESTABLISHED 1887

The Global Newspaper
Edited in Paris
Printed Simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague and Marseille

No. 31,708

OPEC President Says Cartel Narrows Dispute on Price Cuts

GENEVA — OPEC narrowed its dispute Tuesday on a plan to reduce prices, according to the organization's president.

After morning and afternoon sessions, the ministers called a recess. A planned late-evening session was later canceled, and the next meeting set for Wednesday.

Pressure on the Organization of Petroleum Exporting Countries to take decisive action was heightened when Egypt, an observer, left the meeting.

The Egyptian walkout was viewed as a setback in OPEC's effort to gain cooperation from countries outside its ranks.

Egypt's oil minister, Abdul-Hadi Kandil, said his country did not plan to continue cooperating with OPEC. He said he had grown tired of OPEC's lengthy and often fruitless negotiations.

He did not rule out a cut in Egypt's oil price.

In October, OPEC invited Egypt to attend a meeting as an official observer. The Egyptians accepted and pledged solidarity with the cartel while declining to seek membership.

Afterward, Subroto, who is Indonesia's oil minister and president

of OPEC, said the size of the proposed price cuts was the main point of contention inside the meeting.

"We made progress in the sense that we narrowed the difference in views among the ministers," he said during a break in the talks.

Because OPEC is seeking to raise the price of its least expensive oils while cutting prices for the premium

crudes produced by Saudi Arabia and some others.

Mr. Subroto had said Monday that Nigeria wanted to narrow the \$4 spread to \$2, while Saudi Arabia favored \$2.90. Even if they could agree what the spread should be, the ministers still faced the task of setting new prices for each of the dozens of different grades of OPEC oil.

The organization is under pressure to set new prices because, under the current prices, some member countries cannot find customers for their allocated share of OPEC oil production.

In October, Nigeria cut its price by up to \$2 a barrel without OPEC approval, in reaction to smaller cuts by two nonmember producers, Britain and Norway.

The pricing plans under discussion Tuesday called for Nigeria to move its price back up by at least 65 cents a barrel, according to conference sources, who asked not to be identified.

But it was unclear whether the plans would force a cut in the price of Arabian light, they said.

The prospect that Nigeria would roll back some of its October price cut, and that OPEC was approaching a decision on prices, helped oil markets recover from a turbulent session Monday. There was little change in prices Tuesday on the spot, or noncontract, market.

Arabian light crude for February delivery continued to be quoted at \$27.60 a barrel on the spot market, according to Telerate Energy Service, a private market-information business. West Texas Intermediate crude, the major U.S. grade of oil, rose to \$25.40 a barrel for March delivery in spot markets, after dropping below \$25 on Monday, a five-year low.

None of the acrimony that marked Monday's meeting was evident Tuesday. On Monday, the oil minister of the United Arab Emirates, Mansour bin Zayed, walked out temporarily, accusing the Nigerian minister, Tani David-West, of undermining the OPEC pricing structure.

On Tuesday, Mr. Kandil said: "I just want to sit here and let them talk. I'm not leaving and please don't invite me anymore to the meetings." He said that the prolonged talks were driving down prices.

Asked if his country would continue to cooperate with OPEC by restraining production and moving cautiously on prices, Mr. Kandil said, "I doubt it."

On Monday, the observing Mexican delegation told the OPEC ministers that Mexico was growing weary of the cartel's lack of discipline and internal bickering.

"Mr. President, we have one of

two choices. Either we can have the military cuts you want, but in that case we cannot get a spending cut program, or the military has to take what is perceived to be a fair share of cuts. If we can get a whole of a spending cut program."

But Mr. Weinberger, arguing against cuts in military growth beyond the \$8.7 billion he has volunteered for the next fiscal year, said Monday on an ABC television program: "I think it's a mistake to believe that defense alone, or defense primarily, can get this \$200-billion deficit down."

Mr. Packwood's comments, and those of Mr. Weinberger, were part

of a struggle over how to reduce the federal deficit, now running at more than \$200 billion a year.

Robert J. Dole, the Senate majority leader, said Friday that it would be difficult to achieve time cuts in popular domestic programs unless the president agreed to cut back military spending. But in an interview broadcast Saturday Mr. Reagan rejected that view, calling further reductions in the growth of military spending "very risky."

The budget that Mr. Reagan is preparing projects a \$178-billion deficit for the next fiscal year, if about \$51 billion in spending cuts can be achieved. The administration had earlier estimated that \$50 billion would have to be cut.

The figures were confirmed by administration officials Monday after the budget director, David A. Stockman, reportedly used them in a private White House briefing for business executives. Mr. Reagan's budget for the fiscal year 1986, which starts Oct. 1, is scheduled to go to Congress on Feb. 4.

The economic forecast to be presented with the budget includes significantly lower inflation rate this year than had been predicted as recently as a month ago, according to economists who helped prepare it. The administration's expectations on growth and unemployment remained constant.

Under the administration projections, the deficit would be held to \$140 billion in fiscal 1988, nearly \$40 billion more than Mr. Reagan estimated recently.

After a White House meeting with Mr. Reagan and his top economic advisers, the Finance Committee members said that rigid opposition to further reductions in the administration's military spending proposals could jeopardize congressional support for other elements in the \$51-billion savings package.

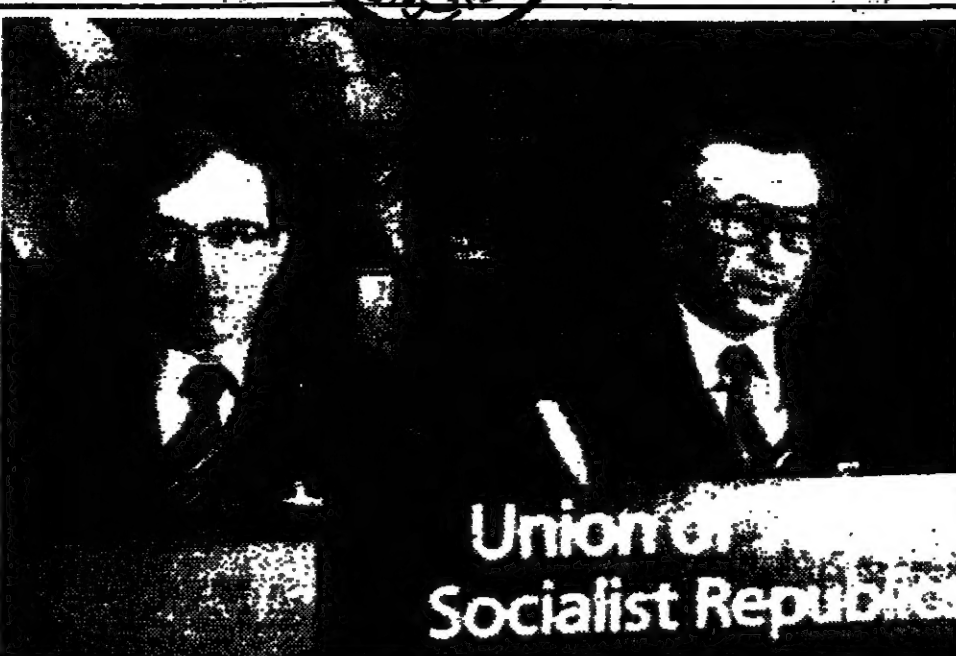
The senators, who were joined at the White House by Republicans on the House Ways and Means Committee, advised Mr. Reagan to proceed first with spending cuts before seeking a simplification of the federal tax code. That contrasted with a dual-track strategy suggested by James A. Baker 3d, the secretary-designate of the Treasury.

Senator Packwood said: "The uniform advice to the president from everybody there, as we went around the room, was spending cuts, spending cuts, spending cuts, and then, Mr. President, after we've tackled that, after we've tried and hopefully succeeded, let's look at the tax reform bill."

Republican congressional leaders said Monday after meeting for an hour with President Reagan that the White House would delay submitting a tax-simplification bill to Congress for several months. The Washington Post reported.

Senator Packwood said Republicans in both houses agreed that the tax proposal should wait until Congress has dealt with the budget.

"The point was made forcibly that many of the allies we need on spending cuts are going to be enemies on the tax bill," Senator Packwood said.



SECURITY CONFERENCE OPENS — The Soviet Union proposed in Stockholm a treaty on the nonuse of force in Europe. On left in upper photo, Oleg A. Grinevsky, the Soviet delegate, next to V.M. Tatarnikov, a delegation member. In lower photo, James Goodby, right, the U.S. delegate, next to Lynn Hansen, his deputy. Page 2.

Senate Republicans Join Call to Cut Defense Costs; Weinberger Unmoved

By Gerald M. Boyd

New York Times Service

WASHINGTON — Several Republican members of the Senate Finance Committee have joined the call in Congress for President Ronald Reagan to reduce his military spending proposal.

But Defense Secretary Caspar W. Weinberger said Pentagon programs had been cut enough.

Senator Bob Packwood of Oregon, chairman of the Finance Committee, said Monday that he thought even some of those who supported the president's plan for a military buildup were telling him:

"Mr. President, we have one of

two choices. Either we can have the military cuts you want, but in that case we cannot get a spending cut program, or the military has to take what is perceived to be a fair share of cuts. If we can get a whole of a spending cut program."

But Mr. Weinberger, arguing against cuts in military growth beyond the \$8.7 billion he has volunteered for the next fiscal year, said Monday on an ABC television program: "I think it's a mistake to believe that defense alone, or defense primarily, can get this \$200-billion deficit down."

Mr. Packwood's comments, and those of Mr. Weinberger, were part

of a struggle over how to reduce the federal deficit, now running at more than \$200 billion a year.

Robert J. Dole, the Senate majority leader, said Friday that it would be difficult to achieve time cuts in popular domestic programs unless the president agreed to cut back military spending. But in an interview broadcast Saturday Mr. Reagan rejected that view, calling further reductions in the growth of military spending "very risky."

The budget that Mr. Reagan is preparing projects a \$178-billion deficit for the next fiscal year, if about \$51 billion in spending cuts can be achieved. The administration had earlier estimated that \$50 billion would have to be cut.

The figures were confirmed by administration officials Monday after the budget director, David A. Stockman, reportedly used them in a private White House briefing for business executives. Mr. Reagan's budget for the fiscal year 1986, which starts Oct. 1, is scheduled to go to Congress on Feb. 4.

The economic forecast to be presented with the budget includes significantly lower inflation rate this year than had been predicted as recently as a month ago, according to economists who helped prepare it. The administration's expectations on growth and unemployment remained constant.

Under the administration projections, the deficit would be held to \$140 billion in fiscal 1988, nearly \$40 billion more than Mr. Reagan estimated recently.

After a White House meeting with Mr. Reagan and his top economic advisers, the Finance Committee members said that rigid opposition to further reductions in the administration's military spending proposals could jeopardize congressional support for other elements in the \$51-billion savings package.

The senators, who were joined at the White House by Republicans on the House Ways and Means Committee, advised Mr. Reagan to proceed first with spending cuts before seeking a simplification of the federal tax code. That contrasted with a dual-track strategy suggested by James A. Baker 3d, the secretary-designate of the Treasury.

Senator Packwood said: "The uniform advice to the president from everybody there, as we went around the room, was spending cuts, spending cuts, spending cuts, and then, Mr. President, after we've tackled that, after we've tried and hopefully succeeded, let's look at the tax reform bill."

Republican congressional leaders said Monday after meeting for an hour with President Reagan that the White House would delay submitting a tax-simplification bill to Congress for several months. The Washington Post reported.

Senator Packwood said Republicans in both houses agreed that the tax proposal should wait until Congress has dealt with the budget.

"The point was made forcibly that many of the allies we need on spending cuts are going to be enemies on the tax bill," Senator Packwood said.

Death Sentence Is Sought for Polish Captain

By Michael T. Kaufman

New York Times Service

TORUN, Poland — The chief prosecutor at the trial of four Polish security policemen charged with the murder of a pro-Solidarity priest demanded the death sentence Tuesday for the key defendant, Captain Grzegorz Piotrowski.

He urged that the other accused be sentenced to 25-year prison terms.

The prosecutor, Leszek Pietrasinski, demanded that Captain Piotrowski be hanged for his part in the murder of the Reverend Jerzy Popieluszko on Oct. 19. The three men accused with him are Colonel Adam Pietruszka, who was charged with instigating the crime, and Lieutenants Waldemar Chmielewski and Leszek Pekala, both accused of participating in the killing.

All except Mr. Pietruszka have pleaded guilty.

All four defendants have been stripped of their police ranks.

Mr. Pietrasinski devoted nearly a third of his three-hour summation to a bitter attack upon Father Popieluszko, who he said had "taken extreme positions that gave birth to no lesser an extremism, culminating in the crime."

The prosecutor repeatedly linked the murdered victim's attitude to those of his killers.

The statement, at points delivered in a rising voice by the prosecutor, provided the clearest assessment available so far of how the government of General Wojciech Jaruzelski weighs the political impact of the crime and the trial.

The prosecutor emphasized three points: that the accused acted alone; that their act was political provocation aimed against the government's policies of social reconciliation; and that the authorities of the Roman Catholic Church were partly responsible because they did not muzzle the dissident priest.

The prosecutor showed some sympathy for the youngest defendants, Mr. Pekala, 32, and Mr. Chmielewski, 29, when he said they had been enticed into the plot through misguided loyalty.

He strongly attacked Mr. Pietruszka, 47, on trial for aiding and abetting the crime, for having inspired the murder plan and for trying to cover up the crime. But he saved his angriest words for Mr. Piotrowski, 33, whom he denounced as "a cold and cruel man."

"Let his friends judge him," said the prosecutor, addressing a five-man panel of judges.

"Let him judge himself," he shouted. Then, abruptly, he asked for an adjournment, during which Mr. Piotrowski fainted and had to be revived.

When the court resumed, the prosecutor changed both his tone and his target, beginning his attack on Father Popieluszko. Mr. Pietrasinski said that Father Popieluszko had "tried to convince the faithful that the Polish government was anti-democratic." He said the priest had cast doubt on the "legitimacy of this government" while attacking Poland's friendship with the Soviet Union. The prosecutor said the priest had traveled around the country spreading anti-government propaganda.

"I know one should not speak ill of the dead," said the prosecutor, "but these things have to be said."

He tried repeatedly to associate the victim with his killers, once by noting that while the state authorities were clearly taking action to punish the "functionaries who break the law," church authorities were showing "too great a tolerance for certain priests who used their religious position to agitate against the government."

Throughout the trial, Mr. Pietrasinski has insisted that the activities of the dissident priest were germane to the proceedings since they explained Mr. Piotrowski's stated motives for the crime.

Mr. Piotrowski has insisted that he was driven to pursue Father Popieluszko because of his frustration at the government's failure to prosecute politically active clerics who supported the outlawed Solidarity union.

The prosecutor said the priest's murder was in fact a provocation aimed at the policies of the government. "Whatever their intentions," he said of the defendants, "their act helped Poland's internal and external enemies."

He said that a search for a possible instigator was continuing. He added that that figure could turn out to be either an opponent of recent Communist Party decisions or someone associated with "foreign security services of capitalist countries."

In this regard, he mentioned there was another case pending against Mr. Piotrowski in which he was accused of having received automobile parts from a Pole now living in West Germany.

Verdicts in the case are expected after prosecution and defense attorneys complete their summations.

Austria Accepts Regrets From Minister Over Nazi

By Axel Krause

New York Times Service

VIENNA — The government accepted a public apology Tuesday from Defense Minister Friedrich Frischenschlager for having greeted a Nazi war criminal who was returning from an Italian prison. The acceptance averted a threat to the governing coalition.

There had been pressure for Mr. Frischenschlager to leave after he met the Nazi, Walter Reder, last week at an airport in Graz, southern Austria. On Monday, Vice Chancellor Norbert Steger, a member of Mr. Frischenschlager's Freedom Party, threatened to resign if Mr. Frischenschlager were dismissed.

On Tuesday, Chancellor Fred Sinowatz said the 12 Socialist and three Freedom Party ministers had accepted the apology and that Mr. Frischenschlager would remain in office.

The Freedom Party has held the balance of power in the Socialist-dominated coalition of Mr. Sinowatz since elections in April 1983.

The government faces a further test Friday, however, when the People's Party, a conservative opposition party, plans to submit a no-confidence motion in Mr. Frischenschlager in the Nationalrat, Austria's parliament.

Mr. Sinowatz said he would resign if the motion succeeded, but he expressed confidence that his coalition would defeat it. He drew attention to an offer by a People's Party member of the Nationalrat, Wilhelm Gorton, to look after Mr. Reder and give him a job.



Friedrich Frischenschlager

"Under these circumstances, I don't understand why the OVP wants to bring a motion of no-confidence in the defense minister," Mr. Sinowatz said, using the German initials for the People's Party.

On Thursday, Mr. Frischenschlager flew to Graz to greet Mr. Reder, a former SS major, and to accompany him to Vienna.

In 1954, an Italian court sentenced Mr. Reder to life in prison for his responsibility in the massacre of more than 1,800 people in 1944. The killings in northern Italy were carried out by troops under his command.

In 1980, a military tribunal ruled that he could be released this July. Villagers voted overwhelmingly last month against freeing him early, but the Italian government overruled the vote.

INSIDE

■ Israel receives U.S. assurances that it will not directly involve Russia in a Middle East settlement. Page 3.

■ Three witnesses for CBS have criticized General William C. Westmoreland's figures on Viet Cong strength. Page 3.

■ Jamaica has failed to gain the rewards of free enterprise. Its bauxite industry collapsed and foreign debt is growing. Page 5.

BUSINESS/FINANCE

■ Bernard Lathière, managing director of Airbus Industrie, the European consortium that builds airliners, is to leave the organization, according to Franz-Josef Strauss, president of company. Page 11.

■ A late surge pushed the Dow Jones Industrial average of New York Stock Exchange shares to a record 1,292.62. Page 7.

U.K. Miners Offer Plan, But Strike Talks Blocked

The Associated Press

LONDON — The leader of Britain's coal miners, Arthur Scargill, said Tuesday his union had offered new proposals for ending its 46-week strike.

But hopes of a settlement faded when the state-owned National Coal Board indicated it was not prepared to resume formal negotiations, which broke off three months ago.

Mr. Scargill, president of the National Union of Mineworkers, said the union had put forth several initiatives for ending the dispute during three hours of talks Tuesday between union and management representatives.

But Michael Eaton, the coal board's chief spokesman, said the proposals failed to form a basis for a resumption of formal bargaining.

Mr. Eaton said the coal board had asked the union again to give assurances that it was ready to discuss the central issue of the dispute: the closure of uneconomic mines.

The NUM general secretary said he would consult with his colleagues, and the board awaits their response, Mr. Eaton said.

The purpose of Tuesday's meeting was to set an agenda for the resumption of negotiations, which broke off Oct. 31.

Mr. Scargill said the union's executive committee would meet Wednesday in anticipation of a resumption of talks.

Mr. Scargill did not disclose the nature of the union's new proposals or say whether the union was changing its demand that unprofitable mines be kept open, the key issue in the dispute.

The union has contended that only pits that have run out of coal or are dangerous should be closed. Management insists on the right to carry out plans to shut down 20 mines, it considers unprofitable. The board's plan would eliminate about 26,000 miners' jobs through attrition.

The coal board, which runs 174 state-owned mines, says about 78,000 miners are defying the union by working, with hundreds abandoning the strike each day.

Mr. Scargill, whose union has 187,308 members, disputes the board's figures but admits strikers are returning to work.

Europeans to Vote on Upgrading Space Program

By Axel Krause

New York Times Service

PARIS — The 11 member governments of the European Space Agency, at a two-day meeting beginning Wednesday in Rome, are expected to endorse a long-term space program aimed at assuring European independence from and competitiveness with the United States, notably in the field of manned space flight.

"There already is a consensus as we go into the meeting that important expansion in our programs is necessary if we are to remain a viable space power during the next 15 years," said Reimar Lüst, a West German who is director general of the Paris-based agency.

The program is supported by Eurospace, a group of about 40 European aerospace companies and banks. Eurospace estimates that European industry can win about 20 percent of the worldwide market for supplying satellite and launch services to space agencies and telecommunications companies.

Eurospace estimates that the market, through 1993, has a value of about \$2.2 billion a year. But prospectively far larger markets are likely, involving the processing and manufacture in space of a range of products from drugs to semiconductors. Eurospace estimates this market to be as high as \$7 billion a year.

The program would increase the level of ESA's annual spending to the equivalent of \$1.22 billion by the late 1990s from the current \$733 million.

The ESA's members are Belgium, Britain, Denmark, France, West Germany, Ireland, Italy, the Netherlands, Spain, Sweden and Switzerland. Also participating in the ministerial meeting will be representatives of Austria and Norway, both associate members,

and of Canada, which has observer status at the ESA.

Although delicate issues remain to be negotiated with the National Aeronautics and Space Administration of the United States, the ministers also are expected to pledge European participation in a U.S.-led program to establish a permanently manned space station, which is to be designed and built by NASA at an initial cost of about \$8 billion through the early 1990s. The program was announced by President Ronald Reagan just over a year ago. On Tuesday, Britain's Department of Trade said it would urge other members of the ESA to participate in the program.

As a first step, building on previous ventures with NASA, the ministers are expected to endorse the building of a European space station, known as Columbus, which would

provide such elements as pressurized modules and platforms that would plug into the main body of a U.S.-built space station.

ESA estimates the total cost of Columbus at the equivalent of \$2.12 billion. The West German cabinet on Jan. 16 approved expenditures for its 37.5-percent share of Columbus, and will assume leadership in the project.

The other main contributors to Columbus will be Italy with 25 percent, Britain and France, with 15 percent each.

Columbus is to be launched in 1992, coinciding with the 500th anniversary of Christopher Columbus's first voyage to the New World.

ESA sources emphasized that Columbus was the "logical outgrowth" of the German-led Spacelab project, a manned and reusable (Continued on Page 2, Col. 1)

Egypt Under Mubarak: Stability Restored, but Hard Choices Put Off

By David B. Ottaway

Washington Post Service

CAIRO — After more than three years running Egypt, President Hosni Mubarak has succeeded in restoring stability to a society traumatized by the assassination of Anwar Sadat. But he has failed to project any overall vision of the country's future or strategy for dealing with its gargantuan problems.

The Egyptian leader has made his hallmark a cautious, slow-motion approach that, to critics, at times

and probably the root of his extraordinary caution. It is now even more important as the threat of Libyan subversion looms larger and Moslem fundamentalists once again become active.

"He is obsessed with security," an Egyptian political commentator said of Mr. Mubarak, "and he is overly cautious."

Neither beloved nor disliked by his people, Mr. Mubarak, at 56, has yet to make his own mark on Egyptian politics. His instinct always to seek the middle path and avoid controversy makes it difficult to determine who he really is or what he wants for his nation, other than the broad goals of stability, prosperity and peace.

He has tried to cast himself as the "great reconciler" of Egypt. He has sought to appease at once Islamic and Christian militants, to maintain the country's twin commitment to both the socialist and capitalist sectors, to rehabilitate both Sadat and Gamal Abdel Nasser, to re-establish normal relations with Moscow while keeping on good terms with Washington, and to re-integrate Egypt into the Arab orbit while still adhering to the peace treaty with Israel.

"Egypt's foreign policy under Mubarak is a search for balance," in the view of Ali Dossouki, a political science professor at Cairo University. "It is low profile, cautious and an attempt to strike a middle road and build a consensus around it."

The result of this complicated balancing act, however, is that it is often difficult to see in which direction Mr. Mubarak is talking Egypt.

What's more, Mr. Mubarak is not a Great Communicator, as President Ronald Reagan has been called because of his persuasive abilities in talking to Americans. For example, when Mr. Mubarak was asked

(Continued on Page 2, Col. 4)



Hosni Mubarak with Ronald Reagan last fall.

U.S. Rejects Soviet Proposal For Treaty on Nonuse of Force

STOCKHOLM — The Soviet Union presented a draft treaty on the nonuse of force to the 35-nation Conference on European Security and Disarmament on Tuesday, but it was rejected by the United States in its current form.

Oleg A. Grinevsky, the Soviet delegate, presented the draft at the opening of the fifth session of the conference, the first to take place since talks earlier this month in Geneva between the Soviet Union and the United States.

The U.S. delegate, James Goodby, said the Soviet move was not encouraging and that the United States and its allies were not willing to negotiate such a treaty. "I can't say it advances our work very much," he said.

The document proposed a binding obligation on all signatories to renounce the use of military force. This included an obligation "not to be the first to use either nuclear or conventional arms against each other" and to make efforts to prevent an arms race in space.

The proposed treaty would cover the territories of all parties and their armed forces, wherever situated, a clause that would extend its scope beyond the purely European mandate of the Stockholm conference.

"A large role in improving the situation in Europe would be played by the conclusion of a treaty on nonuse of military force and the maintenance of peaceful relations, as proposed by the Warsaw Pact states," Mr. Grinevsky told delegates.

"I can say that the Soviet Union and the socialist countries are ready to conclude an agreement in the very near future," he said. "The instructions I have make it possible to reach agreement quickly."

The North Atlantic Treaty Organization always has been wary of nonaggression pacts, but reaffirming the principle of nonuse of force is one of the few Soviet proposals on which the Western alliance is willing to negotiate in Stockholm.

Mr. Goodby said that a treaty was an inappropriate instrument for the European cooperation process because neither the 1975 Helsinki accords on European security and cooperation nor the 1983 Madrid agreement that gave rise to the Stockholm conference were in treaty form.

But the alliance was willing to discuss a reaffirmation of the principle in some form, provided this was accompanied by concrete, confidence-building measures, Mr. Goodby said.

Soviet draft as imprecise. "Once you depart from clear-cut language of long standing, you get into interminable negotiations which I can assure you would be totally unsuccessful," he said.

The U.S. delegate welcomed Moscow's stated readiness to begin detailed, in-depth discussion of specific proposals and said NATO would present working documents of its own in the next few weeks elaborating on its existing proposals.

Mr. Grinevsky said there could be no movement forward unless both the political and military aspects of security were dealt with together.

He said the Geneva meeting between Foreign Minister Andrei A. Gromyko and Secretary of State George P. Shultz of the United States had created a more favorable atmosphere in Stockholm.

"Of course a great deal will depend on the extent to which the United States and other NATO countries are prepared to negotiate in a businesslike way," Mr. Grinevsky added.



MANILA HEARING — A special court heard pleas for bail for 23 military men indicted in the killing of a Philippine opposition leader, Benigno S. Aquino Jr. Three, including the chief of staff, General Fabian C. Ver are free on bail. The judges are, left to right, Angustio Amores, Manuel Pamaran, presiding, and Bienvenido Vera Cruz.

Mubarak Now Facing Hard Choices

(Continued from Page 1)

what he thought of Yasser Arafat's visit here in December 1983, a long-awaited event with much political significance for both Egypt and the Palestinians, he replied cryptically.

"Egypt is Egypt," Nor is Mr. Mubarak credited with breadth of vision, and the popular jokes in circulation — a traditional indicator of public attitudes in the absence of polls here — do not flatter his intelligence or political acumen.

At the center of Mr. Mubarak's political problem, from the start, has been the absence of a personal power base.

The hero of the Egyptian Air Force in the 1973 Arab-Israeli war, he was selected by Sadat as his vice president, remained a silent understudy in his shadow and was suddenly propelled into the presidency upon Sadat's assassination in October 1981.

Unlike Sadat, he had neither the legitimacy of being a "founding father" of the 1952 revolution, a base in the army, the main branch of the Egyptian armed forces, or any fair for politics. In the words of Mohammed Heikal, a journalist and Nasser's longtime confidant, "He is the only technocrat-president that we have had."

"His experience is that of a pilot," used to depending on indicators and gauges to guide him, Mr. Heikal said. "The trouble with politics is that you sometimes should react to indicators that have no hands. You have to react to abstractions and public opinion."

Mr. Heikal, a bitter opponent of Sadat, gave Mr. Mubarak high marks for his first six months in power, in defusing the sectarian and political tensions that have brought Egypt to the boiling point. But he said he feels Mr. Mubarak has since missed many opportunities to establish himself as a true leader and is still moving too slowly, a view shared by many Egyptians.

Was he, then, the right man for the time in Egypt? "More or less," Mr. Heikal conceded. "Egypt wanted a man to put some ice on its head to lower the temperature and I think he did that very well."

In retrospect, it now appears that Mr. Mubarak missed an opportunity in May to establish both his popularity and legitimacy by his handling of elections for the People's Assembly. Instead of emerging as the standard bearer of a "new democracy," Mr. Mubarak came out of them looking like another Sadat, who regularly won his referenda with 99.9 percent of the vote.

Mr. Mubarak insisted on what was probably the most free electoral campaign since the 1952 revolution. But then he inexplicably allowed the prime minister at the time, Fawzi Mohiaddin, to mobilize the country's huge bureaucracy to produce a crushing victory for the ruling National Democratic Party. It won 85 percent of the vote and all but 58 of the 448 elected seats.

This tactic, plus an electoral law that gave the ruling party a built-in majority, remains a blot on his record.

On Sept. 30, a special security court made another decision that assuaged the Muslim fundamentalists: 174 extremists implicated in an uprising in the southern town of Asyut immediately after Sadat's assassination, in which 87 persons died, were acquitted; 107 others were sentenced to prison terms ranging from two years to life imprisonment but nobody was executed.

A new freedom for institutions is developing under Mr. Mubarak. The most remarkable example is the courts. They are showing an unusual degree of independence in decision-making, throwing out as unconstitutional many of Sadat's decrees.

The chief judge in the trial of the Muslim extremists later defended the leniency of the sentences in an interview, significantly with the pro-government Al-Ahram. The judge said was persuaded by testimony from many of the 302 defendants of torture and forced confessions.

Not until Mr. Mubarak faces his first serious crisis, which he has so far avoided mostly by not making any radical decisions, is the real Mr. Mubarak likely to stand up, observers say. Until then, it will remain unclear whether he is merely a caretaker president and interim leader or the next modern-day pharaoh of Egypt.

Tomorrow: Clouds on the economic horizon.

But while the courts have succeeded in reopening Egyptian politics to some opposition parties, the government bureaucracy and the ruling party have time and again blocked proposed changes and fought to preserve their powers.

The result has been that the ruling party and government often seem to execute policies against the declared intentions of Mr. Mubarak. This gives outside observers the impression that Mr. Mubarak is not fully in control.

The question being increasingly posed by Western analysts is how Mr. Mubarak will fare now that he has overcome the "Sadat legacy" and begins facing problems of his own making.

Such tests are not far off. The government is planning a series of price increases for key commodities such as gasoline, electricity and bread. In 1977, this led to violence in the streets of Cairo.

He told a group of schoolchildren Monday he sent the message through Ahmad Hammad, the American oil magnate known for his Soviet contacts. Moscow broke off relations with Israel in 1967.

"The answer we have just received was that the question of Israel depends on the web of relations between the Soviet Union and the United States," Mr. Peres said.

WASHINGTON (AP) — The Export-Import Bank, under heavy pressure from the State Department and the National Security Council, has reversed its earlier opposition to helping Egypt build a nuclear power plant and has offered the Egyptian government \$250 million to finance the purchase of U.S.-made equipment for the project.

The bank, a government-funded, independent agency, had refused to approve the loan on the ground that Egypt's policy of subsidizing energy prices at artificially low levels would prevent the proposed plant from becoming economically viable. The cost of the project is estimated at \$2 billion to \$3 billion.

However, administration officials said the bank's directors switched positions last month after Secretary of State George P. Shultz and President Ronald Reagan's national security adviser, Robert C. McFarlane, argued that American aid was of major importance to the U.S. strategy of keeping President Hosni Mubarak of Egypt a close ally in the Middle East.

WASHINGTON (AP) — The Senate voted, 95-0, Tuesday to confirm James A. Baker 3d as secretary of the Treasury. Mr. Baker, a Texas lawyer who has been chief of the White House staff for four years, is trading jobs with Donald T. Regan, a former Wall Street executive. The switch is to take effect Monday.

Mr. Baker, 54, was confirmed after Senator William Proxmire, Democrat of Wisconsin, the only member to question the nomination, finally praised him as skillful and effective.

Earlier, the Senate Finance Committee unanimously recommended confirmation of Richard G. Darman as deputy secretary of the Treasury and of Ronald A. Pearlman as assistant secretary for tax policy. Mr. Darman has been a senior aide to President Ronald Reagan; Mr. Pearlman has been acting as the administration's chief tax authority.

Syria's parliament, the People's Council, unanimously nominated President Hafez al-Assad on Monday for a third term and set Feb. 10 as the date of a presidential referendum. Mr. Assad, who has been in office since 1971, will be the only candidate.

Francis belonging to Licio Gelli, a leader in Propaganda Due, the Italian Masonic lodge, will remain frozen, a Swiss court ruled Monday. Mr. Gelli was arrested in September 1982 at a Geneva bank, and accused of presenting false documents concerning accounts held there. He escaped from a Geneva prison in August 1983.

Six convicted criminals escaped Tuesday from a prison near the Italian Adriatic coast city of Pescara, after a shootout in which six guards were wounded, the ANSA news agency said. Four of the guards were reportedly in serious condition with bullet and knife wounds.

Oxford refused to grant Prime Minister Margaret Thatcher an honorary degree Tuesday because she has cut funds for education and research. Scholars and administrators defeated the motion, 738-319.

WORLD BRIEFS

Gasoline Price War Looms in France

LUXEMBOURG (Reuters) — The European Court of Justice, in a ruling that seemed certain to set off a price war among service stations in France, Tuesday upheld the right of a French entrepreneur, Edouard Leclerc, to sell gasoline at cut-rate prices.

Mr. Leclerc's attempt to entice shoppers into his supermarkets by offering more than double the discount allowed under French law at regular service stations was opposed by the French government. The major petroleum companies, Elf Aquitaine and Cie. Francaise de Raffinage had already indicated they were set for a price war if the verdict went Mr. Leclerc's way.

The court ruled that the method the French government used to calculate its minimum price breached European Community rules. French courts have already ruled in favor of Mr. Leclerc, who heads a family with the reputation of France's most aggressive cut-rate traders. Last week the French government, anticipating the court's verdict, announced its intention to adapt the price law that dates from 1928.

The maximum discount allowed in France was 17 centimes a liter (8 cents a gallon), whereas Mr. Leclerc offered 35 centimes a liter. Gasoline in France has been selling at about 5.30 to 5.80 francs a liter.

EC Vows New Ideas on Iberian Entry

BRUSSELS (Reuters) — The European Commission pledged Tuesday to present new ideas next week to speed up the stalled negotiations for Spain and Portugal's entry into the European Community.

Community foreign ministers had set a March deadline on Monday for completing negotiations to enable the two countries to join on schedule Jan. 1.

Community officials said that Lorenzo Natali of Italy, the member of the Executive Commission who heads the negotiations, told ministers Tuesday that the commission would present a balanced package of proposals by the end of next week to reconcile conflicting national interests.

Peres Says Soviet Rebuffed Overture

JERUSALEM (Reuters) — Prime Minister Shimon Peres of Israel said he sent a message to the Kremlin recently appealing for a thaw in relations but received a negative response.

He told a group of schoolchildren Monday he sent the message through Ahmad Hammad, the American oil magnate known for his Soviet contacts. Moscow broke off relations with Israel in 1967.

"The answer we have just received was that the question of Israel depends on the web of relations between the Soviet Union and the United States," Mr. Peres said.

Egypt Wins Loan for Nuclear Plant

WASHINGTON (AP) — The Export-Import Bank, under heavy pressure from the State Department and the National Security Council, has reversed its earlier opposition to helping Egypt build a nuclear power plant and has offered the Egyptian government \$250 million to finance the purchase of U.S.-made equipment for the project.

The bank, a government-funded, independent agency, had refused to approve the loan on the ground that Egypt's policy of subsidizing energy prices at artificially low levels would prevent the proposed plant from becoming economically viable. The cost of the project is estimated at \$2 billion to \$3 billion.

However, administration officials said the bank's directors switched positions last month after Secretary of State George P. Shultz and President Ronald Reagan's national security adviser, Robert C. McFarlane, argued that American aid was of major importance to the U.S. strategy of keeping President Hosni Mubarak of Egypt a close ally in the Middle East.

Baker Confirmed to Head Treasury

WASHINGTON (AP) — The Senate voted, 95-0, Tuesday to confirm James A. Baker 3d as secretary of the Treasury. Mr. Baker, a Texas lawyer who has been chief of the White House staff for four years, is trading jobs with Donald T. Regan, a former Wall Street executive. The switch is to take effect Monday.

Mr. Baker, 54, was confirmed after Senator William Proxmire, Democrat of Wisconsin, the only member to question the nomination, finally praised him as skillful and effective.

Earlier, the Senate Finance Committee unanimously recommended confirmation of Richard G. Darman as deputy secretary of the Treasury and of Ronald A. Pearlman as assistant secretary for tax policy. Mr. Darman has been a senior aide to President Ronald Reagan; Mr. Pearlman has been acting as the administration's chief tax authority.

For the Record

Syria's parliament, the People's Council, unanimously nominated President Hafez al-Assad on Monday for a third term and set Feb. 10 as the date of a presidential referendum. Mr. Assad, who has been in office since 1971, will be the only candidate.

Francis belonging to Licio Gelli, a leader in Propaganda Due, the Italian Masonic lodge, will remain frozen, a Swiss court ruled Monday. Mr. Gelli was arrested in September 1982 at a Geneva bank, and accused of presenting false documents concerning accounts held there. He escaped from a Geneva prison in August 1983.

Six convicted criminals escaped Tuesday from a prison near the Italian Adriatic coast city of Pescara, after a shootout in which six guards were wounded, the ANSA news agency said. Four of the guards were reportedly in serious condition with bullet and knife wounds.

Oxford refused to grant Prime Minister Margaret Thatcher an honorary degree Tuesday because she has cut funds for education and research. Scholars and administrators defeated the motion, 738-319.

Moslem, Coptic Discord Again Brewing in Egypt

WASHINGTON (AP) — Militant Moslem fundamentalists are on the march again in Egypt and the first signs of a resumption of sectarian discord are surfacing.

Arousing little notice or comment here, they met Jan. 18 in one of their old gathering places, the Mesgid Ennur Mosque, to hear a speech recently released from prison.

To anyone who lived here through the events leading up to the assassination of President Anwar Sadat, the theme was like an echo from the past. It was an attack on the recently reinstated Christian Coptic pope, Shenouda III.

Sheikh Omar Abdul Rahman, a blind spiritual leader of Jihad, a Muslim extremist group and himself just acquitted in a trial, was passionately addressing 1,500 followers after Friday prayers.

Soldiers who were members of Jihad or one of its offshoots shot and killed Sadat during a military parade Oct. 6, 1981, and then a few days later staged a daylong uprising in Asyut, in which 87 persons were killed.

Why, demanded Sheikh Rahman, was the Christian pope allowed back in the pulpit to preach when Sheikh Rahman and other sheikhs accused of extremism had been cleared by the courts were not?

Why had the pope received so much publicity in the local press upon his release when Sheikh Rahman and other sheikhs were ignored, along with their demands for the application of the sharia, or Moslem law, in Egypt?

Another sheikh, Hafez Salama, told the crowd that freeing the pope without a court passing judgment on the charges Sadat had leveled against him was "illegal."

A leaflet handed out at the prayer service demanded the release of the pope, calling him "the head of sectarian strife" and degrading the fact that he was "hailed by the state and returned to his papal seat."

Europeans to Vote on Upgrading Space Plan

(Continued from Page 1)

laboratory that for several years has operated on an orbiting NASA shuttle and represented the second most-important ESA project during the past 10 years, after Ariane, the French-led rocket-launching project.

"The Germans have always been more research and U.S.-oriented, whereas the French have always pressed for strategic-commercial ventures and independence," a senior ESA official said.

"We are coming together on those issues in Rome," he added. He also said he expected the ministers to endorse the development of Ariane 5, a new generation launcher. This is a crucial element in assuring what an ESA background paper describes as an independent capability to remain "competitive with space transportation systems existing or planned elsewhere," a reference to the U.S. space shuttle, and projects in China and Japan.

Ariane 5, for which France would bear 53 percent of the development costs, could become operational by 1993, and would be an important step in the building of a European shuttle system. That would include development of the Columbus station, and possibly the building of a reusable, manned "mini-shuttle" known as Hermes that is being urged on other ESA members by France.

However, West Germany and several other ESA members have already said they consider the costs of developing Hermes excessive for the program being discussed at the Rome meeting. They have not ruled out supporting the project in the final communiqué, but without committing funds.

According to ESA estimates, developing Ariane 5 would cost about \$2.12 billion between 1986 and 1993, roughly the same as Columbus, and most ESA members, including West Germany, want to proceed. Building Hermes, which could haul personnel and equipment to and from the Columbus space station, would require an additional \$1.1 billion during the same period and would include only the first stage of development.

"Our view is that Hermes should be part of a package deal involving Ariane 5 and Columbus, because it provides a highly important, unique opportunity to develop a European shuttle — independent of others, mainly the United States," said Frédéric d'Allest, director-general of the Centre National d'Etudes Spatiales, France's space agency.

Mr. d'Allest has repeatedly hinted that if other ESA governments do not support Hermes at Rome, France may start development work on its own and seek support from other interested European governments, such as Belgium and Sweden.

Aerospace industries may also contribute to the development, independently of government funding, ESA sources said.

"Hermes will certainly be discussed at our meeting and undoubtedly be mentioned in the final communiqué," Mr. d'Allest, the agency director.

Space officials of France and Germany, the two largest contributors to ESA since its founding a decade ago, will be seeking "European autonomy" in negotiations with NASA for the cooperative linkup between the U.S. space station and Columbus. The talks are expected to begin shortly after the Rome meeting.

"We learned during the SpaceLab experiments that the United States had domination and the leadership," said a senior German diplomat responsible for technology matters, "and this time we want a far greater role, assuring our long-range independence."

He added that most ESA members agreed with the draft of an agreement that will be submitted to ministers in Rome, and contains the following provisions:

• That Europe should be responsible for the technical and financial management of the design, development, exploitation and development of several elements of the U.S. space station, primarily Columbus.

• That members be guaranteed use of all of the U.S. station facilities without an obligation to use the "whole of the American system."

• That "no discriminatory measure" against European users should be possible and that "free circulation of materials and persons should be guaranteed," a clear reference to the eventual use of Hermes, shuttling from Earth to the European station.

• That European costs of operating the space station be fixed "in a fair manner." ESA officials explained that calculating Europe's participation and financial contribution could become the center of "protracted" negotiations between NASA and ESA during the next several months.

Agreement on these points is expected at Rome, with a view to providing Mr. d'Allest a mandate to negotiate with NASA officials, agency officials added.

Sri Lanka Accuses India Of 'De Facto' Invasion

United Press International

COLOMBO, Sri Lanka — The governing United National Party has accused India of carrying out a secret "de facto invasion" by arming and training Tamil separatists.

The statement Monday came six hours after India repatriated seven Sri Lankan sailors whose boat was detained by the Indian coast guard Jan. 11. Sri Lanka on Monday released 17 Indian fishermen charged with poaching.

This tactic, plus an electoral law that gave the ruling party a built-in majority, remains a blot on his record.

On Sept. 30, a special security court made another decision that assuaged the Muslim fundamentalists: 174 extremists implicated in an uprising in the southern town of Asyut immediately after Sadat's assassination, in which 87 persons died, were acquitted; 107 others were sentenced to prison terms ranging from two years to life imprisonment but nobody was executed.

A new freedom for institutions is developing under Mr. Mubarak. The most remarkable example is the courts. They are showing an unusual degree of independence in decision-making, throwing out as unconstitutional many of Sadat's decrees.

The chief judge in the trial of the Muslim extremists later defended the leniency of the sentences in an interview, significantly with the pro-government Al-Ahram. The judge said was persuaded by testimony from many of the 302 defendants of torture and forced confessions.

Not until Mr. Mubarak faces his first serious crisis, which he has so far avoided mostly by not making any radical decisions, is the real Mr. Mubarak likely to stand up, observers say. Until then, it will remain unclear whether he is merely a caretaker president and interim leader or the next modern-day pharaoh of Egypt.

Tomorrow: Clouds on the economic horizon.

He told a group of schoolchildren Monday he sent the message through Ahmad Hammad, the American oil magnate known for his Soviet contacts. Moscow broke off relations with Israel in 1967.

"The answer we have just received was that the question of Israel depends on the web of relations between the Soviet Union and the United States," Mr. Peres said.

WASHINGTON (AP) — The Export-Import Bank, under heavy pressure from the State Department and the National Security Council, has reversed its earlier opposition to helping Egypt build a nuclear power plant and has offered the Egyptian government \$250 million to finance the purchase of U.S.-made equipment for the project.

The bank, a government-funded, independent agency, had refused to approve the loan on the ground that Egypt's policy of subsidizing energy prices at artificially low levels would prevent the proposed plant from becoming economically viable. The cost of the project is estimated at \$2 billion to \$3 billion.

However, administration officials said the bank's directors switched positions last month after Secretary of State George P. Shultz and President Ronald Reagan's national security adviser, Robert C. McFarlane, argued that American aid was of major importance to the U.S. strategy of keeping President Hosni Mubarak of Egypt a close ally in the Middle East.

WASHINGTON (AP) — The Senate voted, 95-0, Tuesday to confirm James A. Baker 3d as secretary of the Treasury. Mr. Baker, a Texas lawyer who has been chief of the White House staff for four years, is trading jobs with Donald T. Regan, a former Wall Street executive. The switch is to take effect Monday.

Mr. Baker, 54, was confirmed after Senator William Proxmire, Democrat of Wisconsin, the only member to question the nomination, finally praised him as skillful and effective.

Earlier, the Senate Finance Committee unanimously recommended confirmation of Richard G. Darman as deputy secretary of the Treasury and of Ronald A. Pearlman as assistant secretary for tax policy. Mr. Darman has been a senior aide to President Ronald Reagan; Mr. Pearlman has been acting as the administration's chief tax authority.

Syria's parliament, the People's Council, unanimously nominated President Hafez al-Assad on Monday for a third term and set Feb. 10 as the date of a presidential referendum. Mr. Assad, who has been in office since 1971, will be the only candidate.

Francis belonging to Licio Gelli, a leader in Propaganda Due, the Italian Masonic lodge, will remain frozen, a Swiss court ruled Monday. Mr. Gelli was arrested in September 1982 at a Geneva bank, and accused of presenting false documents concerning accounts held there. He escaped from a Geneva prison in August 1983.

Six convicted criminals escaped Tuesday from a prison near the Italian Adriatic coast city of Pescara, after a shootout in which six guards were wounded, the ANSA news agency said. Four of the guards were reportedly in serious condition with bullet and knife wounds.

Oxford refused to grant Prime Minister Margaret Thatcher an honorary degree Tuesday because she has cut funds for education and research. Scholars and administrators defeated the motion, 738-319.

WASHINGTON (AP) — Militant Moslem fundamentalists are on the march again in Egypt and the first signs of a resumption of sectarian discord are surfacing.

Arousing little notice or comment here, they met Jan. 18 in one of their old gathering places, the Mesgid Ennur Mosque, to hear a speech recently released from prison.

To anyone who lived here through the events leading up to the assassination of President Anwar Sadat, the theme was like an echo from the past. It was an attack on the recently reinstated Christian Coptic pope, Shenouda III.

Sheikh Omar Abdul Rahman, a blind spiritual leader of Jihad, a Muslim extremist group and himself just acquitted in a trial, was passionately addressing 1,500 followers after Friday prayers.

Soldiers who were members of Jihad or one of its offshoots shot and killed Sadat during a military parade Oct. 6, 1981, and then a few days later staged a daylong uprising in Asyut, in which 87 persons were killed.

Why, demanded Sheikh Rahman, was the Christian pope allowed back in the pulpit to preach when Sheikh Rahman and other sheikhs accused of extremism had been cleared by the courts were not?

Why had the pope received so much publicity in the local press upon his release when Sheikh Rahman and other sheikhs were ignored, along with their demands for the application of the sharia, or Moslem law, in Egypt?

Another sheikh, Hafez Salama, told the crowd that freeing the pope without a court passing judgment on the charges Sadat had leveled against him was "illegal."

A leaflet handed out at the prayer service demanded the release of the pope, calling him "the head of sectarian strife" and degrading the fact that he was "hailed by the state and returned to his papal seat."

WASHINGTON (AP) — The Senate voted, 95-0, Tuesday to confirm James A. Baker 3d as secretary of the Treasury. Mr. Baker, a Texas lawyer who has been chief of the White House staff for four years, is trading jobs with Donald T. Regan, a former Wall Street executive. The switch is to take effect Monday.

Mr. Baker, 54, was confirmed after Senator William Proxmire, Democrat of Wisconsin, the only member to question the nomination, finally praised him as skillful and effective.

Earlier, the Senate Finance Committee unanimously recommended confirmation of Richard G. Darman as deputy secretary of the Treasury and of Ronald A. Pearlman as assistant secretary for tax policy. Mr. Darman has been a senior aide to President Ronald Reagan; Mr. Pearlman has been acting as the administration's chief tax authority.

Syria's parliament, the People's Council, unanimously nominated President Hafez al-Assad on Monday for a third term and set Feb. 10 as the date of a presidential referendum. Mr. Assad, who has been in office since 1971, will be the only candidate.

Francis belonging to Licio Gelli, a leader in Propaganda Due, the Italian Masonic lodge, will remain frozen, a Swiss court ruled Monday. Mr. Gelli was arrested in September 1982 at a Geneva bank, and accused of presenting false documents concerning accounts held there. He escaped from a Geneva prison in August 1983.

Six convicted criminals escaped Tuesday from a prison near the Italian Adriatic coast city of Pescara, after a shootout in which six guards were wounded, the ANSA news agency said. Four of the guards were reportedly in serious condition with bullet and knife wounds.

Oxford refused to grant Prime Minister Margaret Thatcher an honorary degree Tuesday because she has cut funds for education and research. Scholars and administrators defeated the motion, 738-319.

WASHINGTON (AP) — Militant Moslem fundamentalists are on the march again in Egypt and the first signs of a resumption of sectarian discord are surfacing.

Arousing little notice or comment here, they met Jan. 18 in one of their old gathering places, the Mesgid Ennur Mosque, to hear a speech recently released from prison.

To anyone who lived here through the events leading up to the assassination of President Anwar Sadat, the theme was like an echo from the past. It was an attack on the recently reinstated Christian Coptic pope, Shenouda III.

Sheikh Omar Abdul Rahman, a blind spiritual leader of Jihad, a Muslim extremist group and himself just acquitted in a trial, was passionately addressing 1,500 followers after Friday prayers.

U.S. Assures Rabin On Mideast Talks With Soviet Union

By John M. Goshko

WASHINGTON — The United States has assured the Israeli defense minister, Yitzhak Rabin, that while the United States intends to resume "working-level talks" with the Soviet Union on the Middle East, it remains firmly opposed to any attempts to resolve the Arab-Israeli dispute through an international conference in which the Soviet Union would participate.

Sources said Mr. Rabin received those assurances in separate meetings Monday with Secretary of State George P. Shultz, Defense Secretary Caspar W. Weinberger and Robert C. McFarlane, the national security affairs adviser.

The sources said Mr. Rabin had expressed Israel's concern about the meaning of a recent announcement that the United States periodically will exchange views with the Soviet Union on regional issues, including the Middle East.

Mr. Rabin, according to the sources, said that broadening the Middle East peace process requires the removal of what he called "two major stumbling blocks" — completion of Israel's withdrawal from Lebanon in a way that guarantees the security of Israel's northern borders, and an end to the freeze that President Hosni Mubarak of Egypt has put on continued normalization of relations with Israel.

The sources said Mr. Rabin, who was beginning a three-day visit to Washington, also gave Mr. Shultz a reply to a recent message from the secretary to Shimon Peres, the Israeli prime minister. Mr. Shultz reportedly told Mr. Peres that a U.S. decision on Israel's request for \$800 million in emergency economic aid could not be made until the United States had evidence of a

comprehensive plan to curb Israel's inflation and restore the country's economic health. Recent Israeli government figures put the annual inflation rate at more than 1,200 percent.

According to the sources, the response delivered by Mr. Rabin included a summary of the steps taken by Israel.

While the sources indicated it was likely to be some time before the administration decides about Israel's requests for economic aid, they added that President Ronald Reagan was expected to inform Mr. Rabin on Wednesday that he would ask Congress for \$1.8 billion in military assistance for Israel for next year, an increase over this year's \$1.4 billion.

King Fahd Plans U.S. Visit

King Fahd of Saudi Arabia plans to visit the United States on Feb. 11 to discuss a U.S. role in solving the Middle East crisis, according to reports in Saudi Arabian newspapers.

The Saudi foreign minister, Prince Saud al-Faisal, said, "The visit will crystallize the trends of the U.S. government, not merely toward establishing stability in the world but also toward exploring what Washington can do to solve the Middle East crisis," according to reports in Saudi Arabian newspapers.

Karami and Syrians Meet

Rashid Karami, Lebanon's prime minister, met Tuesday with Syrian leaders in Damascus. Reuters reported. He said the discussions concerned Israeli troop withdrawal from Lebanon and his country's economic crisis.

He said Lebanon would continue to coordinate with Syria "because our interests are one."



George P. Shultz, left, the U.S. secretary of state, greeted Defense Minister Yitzhak Rabin of Israel as Mr. Rabin arrived for a conference at the State Department.

Reagan to Visit Bonn, Madrid, Lisbon in May

By Bernard Weinraub

WASHINGTON — President Ronald Reagan will visit West Germany, Spain and Portugal in May on a tour aimed at underscoring U.S. commitments to those three Western European countries, White House officials said.

Mr. Reagan's swing through West Germany May 5-8 will follow the two-day economic conference of industrialized nations in Bonn May 2-4. During his visit, White House officials said Monday, Mr. Reagan will commemorate the 40th anniversary May 8 of the victory in Europe over the Germans, and confer with Chancellor Helmut Kohl.

Larry Speakes, the White House spokesman, said the visit to West Germany would be followed by a trip to Spain May 8-10. White House officials said the European trip would then continue to Portugal May 10-12. The scheduled visits will be Mr. Reagan's first to Spain and Portugal as president.

White House and State Department officials emphasized that the trips to Spain and Portugal were especially significant because both countries are fledgling European democracies in which the United States has pivotal military bases.

"Here are two nations who, with living memory, became democracies, and the visit of an American president will highlight the fact

that these are democracies," an administration official said. "They have joined the Western democratic world, and Reagan being there will help the process."

Details of the visit to West Germany have not yet been worked out, and officials said the trip was delicate because it coincided with V-E Day. Mr. Reagan shelved a plan to visit a concentration camp because he wanted to underscore the "reconciliation" after the war, not recall the horrors of the conflict, a White House official said.

In his talks with the Spanish prime minister, Felipe Gonzalez, a Socialist, Mr. Reagan is expected to seek better relations with Madrid and to explain administration policy in Central America, which Mr. Gonzalez has at times criticized.

Administration officials emphasized that Mr. Reagan, with his visits to Spain and Portugal, would seek to underscore U.S. reliance on military bases in the two countries. In Spain, the air force has bases at Torrejon, 19 miles (30 kilometers) north of Madrid, and Zaragoza, north of Torro. The navy has a base at Rota, near Cadiz.

In Portugal, White House officials said, Mr. Reagan will endorse Prime Minister Mario Soares's efforts to cement democracy. The key U.S. base controlled by Portugal is the military airfield command outpost in Lajes, in the central Azores.

Pérez de Cuéllar, Dong Hold Talks in Hanoi

By Barbara Crossette

HANOI — The secretary-general of the United Nations and Vietnam's prime minister held several hours of talks Tuesday that United Nations officials called "frank and useful."

The men apparently had some blunt exchanges on Cambodia and other problems in Southeast Asia. The discussions with Foreign Minister Nguyen Co Thach, which were due to end Tuesday morning, have been extended to Wednesday, when Secretary-General Javier Pérez de Cuéllar is planning to return to Bangkok.

Mr. Pérez de Cuéllar, aides suggested, has been delivering messages to the Vietnamese from the Thai government, and will return to Thailand with Vietnamese replies.

Thailand believes that it is taking the brunt of the effect of the Vietnamese war against guerrillas attempting to overthrow the Cambodian government installed by Hanoi in 1979. Vietnam accuses Thailand of giving active support to the guerrillas.

Mr. Pérez de Cuéllar is also discussing the Vietnamese-Chinese border conflict and international issues of interest to Vietnam.

On Tuesday afternoon, the secretary-general met with Prime Minister Pham Van Dong at the presidential palace. The prime minister, 78, a founding member of the Vietnamese Communist movement and head of government since 1955, walked unsteadily as he ushered Mr. Pérez de Cuéllar into the meeting. The two men spoke in French without interpreters.

The secretary-general told Mr. Dong that their meeting was a "very important opportunity for an evaluation of so many problems."

Prime Minister Dong replied: "We must look after what may be possible and feasible regarding the problems that preoccupy us."

Mr. Pérez de Cuéllar, who earlier Tuesday visited the mausoleum where the embalmed body of Ho Chi Minh lies in state, also brought to Vietnam a message from Jeanne J. Kirkpatrick, the U.S. delegate to the UN, asking Hanoi to cooperate more actively with the United States in searching for the remains of Americans missing in action from the Vietnam War.

A similar message had been passed on to the Laotian government when Mr. Pérez de Cuéllar stopped in Vientiane on his way from Bangkok, the UN aide said.

The subject of missing Americans is a contentious one in Vietnam, where many Vietnamese citizens are still unaccounted for a decade after the end of the war. The Reagan administration has made the issue of the missing a major obstacle to improved relations with Hanoi.

The Vietnamese and Laotians insist that they cannot afford to conduct extensive searches, particularly since so many of their own people are missing. They do not want the United States to do the job for them.

Diplomats in Hanoi say most if not all of the missing Americans are dead, and they say it is unfortunate to encourage false hopes among relatives.

Polish Leader to Visit India

The Associated Press

NEW DELHI — Prime Minister Wojciech Jaruzelski of Poland will visit India Feb. 11 to 15 at the invitation of Prime Minister Rajiv Gandhi, the Indian government announced Monday.

Westmoreland Troop Figures Assailed

By M.A. Farber

NEW YORK — A former U.S. representative and two former CIA analysts testified Monday that General William C. Westmoreland should not have removed the Viet Cong's self-defense forces in 1967 from the official listing of enemy strength known as the order of battle.

The decision to delete those forces, which also resulted in their not being counted in a special intelligence estimate for President Lyndon B. Johnson in November 1967, is a key issue in the 16-week trial of General Westmoreland's \$120-million libel suit against CBS.

The suit stems from a 1982 documentary, "The Uncounted Enemy: A Vietnam Deception," that accused the general's command in Saigon of engaging in a "conspiracy" to show progress in the Vietnam War by understating the size and nature of the enemy.

That thesis was based largely on 15 years of research by a former analyst for the Central Intelligence Agency, Samuel A. Adams, who was a paid consultant for the broadcast and is now a defendant in the lawsuit.

General Westmoreland, who commanded American forces in Vietnam from January 1964 to June 1967, contends that the broadcast defamed him by saying he had lied about enemy troop strength to President Johnson and the Joint Chiefs of Staff.

The witnesses for CBS in Federal District Court in Manhattan Monday were Paul N. McCloskey Jr., a representative from California between 1967 and 1982 who ran for the Republican nomination for president in 1971 on an anti-war platform, and Douglas J. Parry and John I. Dickerson, who were CIA analysts in 1967.

Mr. Parry, who had worked at CIA headquarters in Langley, Virginia, said CIA officials had been "cowards" for "conforming" in 1967 to the newly adopted position of General Westmoreland's com-

mand: that the part-time, hamlet-based self-defense forces were inconsequential militarily and could not be estimated accurately.

Mr. Parry also testified that, after the Tet offensive of January 1968, the CIA estimated that North Vietnamese infiltration into South Vietnam during the fall of 1967 was 20,000 to 30,000 a month, quadruple the rate stated at the time by General Westmoreland's command. The documentary used a monthly figure of 20,000, too, and said that the command had blocked reports about the higher infiltration.

Judge Pierre N. Leval twice reminded the jury that the "truth" issue in the case was not whether the command's estimates "were right or even close to right." The issue, he said, is whether they were made "honestly."

Mr. Dickerson, who worked in 1967 at the CIA's station in Saigon, said he came to believe that the military was involved in a "conscious effort, a deliberate conspiracy to keep the numbers in the order of battle below a certain pre-defined, arbitrary level."

Like other witnesses for CBS, both Mr. Dickerson and Mr. Parry were called to the stand to demonstrate that Mr. Adams had a reasonable basis for his views about the enemy strength dispute and was not alone in those views. Both said they conveyed their sentiments to Mr. Adams in 1967.

Mr. McCloskey recalled meeting Mr. Adams in the spring of 1973, when they both testified at the Pentagon Papers trial of Daniel Ellsberg. Shortly thereafter, Mr. McCloskey said, Mr. Adams went to his office on Capitol Hill with a package of documents two or three inches thick, that he wanted Mr. McCloskey to keep in his safe.

"He was afraid that something would happen to him or the documents," Mr. McCloskey said.

Mr. McCloskey, who is now a lawyer in California, said on cross-examination by David Dorsen, a lawyer for General Westmoreland,

that Mr. Adams "felt his superiors were opposed to his views."

He wanted to be sure that, if anything happened to him, and he feared it might, the files would be safe," Mr. McCloskey said.

Two years later, according to Mr. McCloskey, Mr. Adams returned for the package and showed him some of its contents. Among the documents, Mr. McCloskey said, were cables that had been sent in August 1967 from General Westmoreland's command to the Pentagon and the CIA.

Under questioning by Michael R. Doyen, a lawyer for CBS, Mr. McCloskey identified one of the documents as an Aug. 19, 1967, cable from General Creighton W. Abrams, General Westmoreland's deputy, to General Earle G. Wheeler, chairman of the Joint Chiefs of Staff.

In the cable, which General Westmoreland supported in a brief message to General Wheeler the next day, General Abrams minimized the abilities of the self-defense forces, opposed their continued inclusion in the order of battle and warned that the press would draw "an erroneous and gloomy conclusion" from new intelligence estimates that would increase the number for those forces from 70,000 to 120,000.

Mr. McCloskey said he was "shocked" when he read the documents "and I told Adams, I may even have been the one who used the word, that I thought it was a conspiracy" by General Abrams and General Westmoreland and by Robert W. Komer, who was head of the pacification program in South Vietnam.

"I told Mr. Adams that 'it was almost a criminal thing' to say that the self-defense forces 'weren't effective,'" said Mr. McCloskey, a retired colonel in the Marine Corps reserve.

Mr. McCloskey, who served on active duty in Korea but not in Vietnam, said the self-defense forces "probably caused as many casualties as North Vietnamese or VC regular forces. In my opinion, they had to have been included in the order of battle."

U.S. Approves Oral Medicine To Treat Herpes

Reuters

NEW YORK — The Food and Drug Administration has approved the first oral medication for the treatment of genital herpes, the drug's maker, Burroughs Wellcome Co., has announced.

The company said Tuesday that the medication, called Zovirax, would be available in about six weeks for persons holding prescriptions. Zovirax is the company name for a drug called acyclovir, which was first used in ointment form in 1982.

The oral drug can be used daily for up to six months to prevent new outbreaks among people who suffer frequent recurrences of genital herpes, the company said. It can also be used on a short-term basis for first or less frequent outbreaks.

U.S., Israel Are Close To Free-Trade Accord

By Stuart Auerbach

WASHINGTON — The United States and Israel are near agreement on a free-trade pact that within 10 years will erase all tariffs between the two countries, Reagan administration and Israeli sources said.

The major issues were reported to be resolved, and the negotiators were "tying up loose ends" on the pact, which is more than 99 percent complete, the sources said Monday.

Under the agreement, some products will become duty free as soon as the U.S. Congress acts, probably early this spring, while

import-sensitive items such as textiles, footwear, some farm goods and electronics will take 10 years to reach a duty-free stage.

The idea of free trade between the two countries was one of a number of military and economic concessions made by President Ronald Reagan during a November 1983 meeting with Yitzhak Shamir, who then was prime minister of Israel, in an effort to help Israel's economy and strengthen strategic ties between the two countries.

Israel's economic situation has grown worse since then, and Defense Minister Yitzhak Rabin began talks here Monday on requests for increased military and economic aid. Israel's request for an emergency gift of \$800 million on top of \$1.9 billion in economic aid for 1986 is under consideration by the Reagan administration.

The free-trade agreement is unlikely to have an immediate impact on Israel's economic problems, said Dan Halpern, economic minister at the Israeli Embassy and the key negotiator for his country. But the pact will help Israel's long-term economic prospects by increasing its exports to the United States and by directing more American investments to the country, he added.

"I think the whole package is a good one," Mr. Halpern said. "This package can work only if it is of mutual benefit. A trade agreement that is not mutually advantageous will not last more than a few years and we want this to last forever."

Israel already has a free-trade pact with the European Community, the second-largest market in the world, ranking just behind the United States.

The pact will not be made public or signed, however, until key congressmen and advisers in the private sector from affected industries in the United States have a chance to review it. This process is likely to be completed within 45 days, administration trade officials said.

Egypt, Israel Fail to Reach Pact on Taba

The Associated Press

BEERSHEBA, Israel — Three days of talks on a border dispute between Egypt and Israel ended Tuesday with the two sides failing to reach a final agreement, Israeli sources said.

The sources said agreement was reached on technical aspects of deploying a multinational force in the disputed Red Sea resort of Taba. But they said Israel rejected Egypt's demand that Israeli border police be completely withdrawn from the 250-acre (101-hectare) tract, which includes an Israeli-run hotel and holiday village.

Ehud Goll, a spokesman for the Israeli Foreign Ministry, said the two sides would issue a paper summing up the three days of talks. He said that a few points could not be answered Tuesday and that he expected further talks at a later date would be necessary.

Officials have said that the talks may be reconvened at Ismailia, on the Suez Canal.

Mr. Goll said the summary paper was drawing ideas from both sides and that the teams were "trying to formulate them so that both sides can agree."

WORLDWIDE ENTERTAINMENT

FOLIE RUSSE

CABARET

LOEWS MONTE-CARLO

presents

love femmes!!!

WITH THE DORIS GIRLS

S.B.M./LOEWS CASINO

CRAPS

BLACK JACK

ROULETTE

FOR INFORMATION

PLEASE CALL MONTE-CARLO

(93) 50.65.00

happy crazy '86

PARIS-FRANCE

CRAZY HORSE

far and away

the best nude revue

in the universe

says the press

ZURICH'S BEST

The Night-Club

with ambience

terrasse

at the Bellevue hotel tel. 251 1078

Best night entertainment

Ship show until 2 a.m.

A good airline needs both.

A smile can make life a little easier. But not when it's used as a substitute for things you value more when travelling on business.

Like a comfortable seat, more legroom and punctual service.

Like an around-the-clock, year-round booking service, footrests on long intercontinental flights, a more sensible, restaurant-like meal service, business service lounges complete with telephones, telex, telefax, inflight phone and telex services and much more.

Smiles are nice. But listening means more. At SAS, it's our policy to first develop the service and then to smile while providing it.

SAS
The Scandinavian Airline

Dining Out

PARIS 12th

LE TRAIN BLEU, Paris-Lyon station, 1st floor, 343/09.26. The finest "Belle époque" décor in Paris. Lunch menu 180 F, wine, and service incl.

LONDON W1

GOLDEN CARP

London's most original and exciting seafood and Asian bar, in the heart of Mayfair. Sophisticated and comfortable. Tel. 01-262 499 2085.

LONDON W2

BOMBAY PALACE

World renowned chain of Indian restaurants. Exceptional hospitality, authentic food, New York, Chicago, Houston, LA, Montreal, Toronto & Vancouver. London 2 Hyde Park Sq. Tel. 723 8555.

LONDON W11

MONSIEUR THOMPSONS

Use mail Tel. 722 9957. Continental European. Atmosphere. Parisienne. A major restaurant. 29 Kensington Park Road.

LONDON W2

STRINGFELLOWS

London's famous nightclub. Superb French restaurant and discotheque. A la carte 8 pm-12 am. Breakfast 10 am-3.30 am. Bar open 11.30 pm-3.30 am. Upper St. Martin Lane. Tel. 240 5534.

LONDON SW1

METHUSELAN'S BRASSERIE

and wine bar. 29 Victoria Street, Parliament Square. Tel. 222 0424. A cellar full of wines, a kitchen full of ideas. Mon-Fri. and Sunday lunch.

LONDON SW1

THE ELEPHANT ON THE RIVER

Dinner and Dance. World famous. Good food, good service, good reputation. 129 Grosvenor Rd. Tel. 834 1621/2626.

LONDON SW1

SEXTON BLAKE'S

28 Porton St. SW1. Tel. 730 8042. Finest prices menu £10.95. The finest wild Scottish Smoked Salmon and Scotch beef in London. Mon-Sat lunch & dinner.

LONDON SW1

KEN LO'S MEMORIES OF CHINA

67-69 Ebury St. The most prestigious Chinese restaurant in Europe (Tel. 01-730 7734). HIGHLY RECOMMENDED BY "N.Y. TIMES" "GOURMET", "ECONOMIST", "GOOD FOOD" GUIDES, "MICHELIN" and "CAHILL-HELLOU". CUISINES FEATURES AUTHENTIC HANGLOUS OF ALL 4 MAIN CULINARY REGIONS OF CHINA.

LONDON SW2

POMEGRANATES

54 Grosvenor Rd. Westminster. Cosmopolitan food from Far and Middle East, Europe and the Americas. Rec. by Michelin, Good House, Romy and NY Times. Mon-Sat reservations. Tel. 01-238 6559.

LONDON SW2

BEWICKS RESTAURANT

87/89/91 Strand, London. Tel. 364 0711. Open for dinner 7 miles and lunch 10 am to 11 pm. French restaurant rec. by Guide de Mille, Romy and NY Times. Mon-Sat reservations. Tel. 01-238 6559.

LONDON SW2

DANS RESTAURANT

Heart of Chelsea. Friendly and intimate little restaurant, with garden, for those special dinners. French/English cuisine. 119 Sydney St. Tel. 357 2718.

BROADCASTING TO CABLE COMPANIES IN EUROPE & THE UK VIA SATELLITE

PROGRAM, WEDNESDAY 30th JANUARY

UK TIMES	THE MADIGAN LINE
19.35	THE NATURE OF THINGS
19.40	SKY TRAX 1
19.45	SKY TRAX 2
19.50	SKY TRAX 3
19.55	GREEN ACRES
20.00	THE BRADY BUNCH
20.05	THE MAGICIAN
20.10	ALCATRAZ: THE WHOLE SHOCKING STORY
20.15	INTERNATIONAL MOTOR SPORTS (Part 2)
20.20	SKY TRAX

CONTACT SKY CHANNEL, SATELLITE TELEVISION PLC FOR FURTHER INFORMATION
TELEPHONE LONDON (01) 636 4377 TELEX 266943

DIAMONDS

YOUR BEST BUY

Singlediamonds at wholesale prices by ordering direct from Antwerp, the world's most important cut-diamond market. Give diamonds to the ones you love. Buy for investment, for your enjoyment. Write airmail for free price list or call us.

Joachim Goldenstein
diamondexpert
Established 1928
Pellikaanstraat 62, B-2018 Antwerp, Belgium - Tel.: (323) 234-0751. Telex: 71779 spt b.
at the Diamond Club Bldg.

Gold Medal
1974-1975

Herald Tribune

Published With The New York Times and The Washington Post

Botha Tries Bargaining

Echoes of the new constitution introduced in South Africa last year continue to reverberate. By offering a political voice to the Asian and mixed-race minorities but not to the black majority, it produced a wave of black unrest. The government responded equivocally with a vague promise of black "political participation." Black agitation surged, the white business community started declaring that apartheid is bad for business and anti-apartheid pressures, popular and official, began building in America. Result: President F.W. Botha, insisting that Pretoria will not bend, is bending — on the key issue of black political rights.

His latest step is an unprecedented hint of a political role for urban blacks, who work in the white economy and live outside the artificial "homelands" to which apartheid consigns them for the purpose of denying them political rights in South Africa. It is only a hint; this is the typical crab-like performance of a leadership that, while anxious to disarm foreign and domestic criticism, is no less anxious to avoid further erosion of its core white constituency. But it is a major event all the same.

Among whites, liberals reacted with cautious approval. The African element that has broken with Mr. Botha found confirmation of

its certainty that he is pursuing racial integration. It appears, however, that he designed his words to preserve his political base — whites who believe in controlled change to survive.

Can their sort of change meet the sort of change blacks demand? Mr. Botha pleads with "responsible black leaders to take the hand that is being extended to them." But a huge burden rests on him to offer enough promise of equality and dignity to let them take his hand.

Here it is fascinating to ask what Mr. Botha had in mind by allowing South Africa's best known nationalist, the long-imprisoned Nelson Mandela, to give a rare interview to a (British) newspaper just now. Last month Mr. Botha said he would not negotiate with any group favoring change through violence. Mr. Mandela now says that his African National Congress would halt violence if the authorities "legalize us, treat us like a political party and negotiate with us." That, like Mr. Botha's remarks, is, in effect, bargaining.

In such bargaining Americans have a role that is secondary but, to press unrelentingly for change. The Reagan administration encourages change quietly, others push more forcefully. It seems to be having an effect.

—THE WASHINGTON POST.

Not an Attorney General

Eleven months have passed since Edwin Meese went before the Senate Judiciary Committee seeking confirmation as Attorney General. Although slight of legal stature, he had the warm endorsement of a popular president and seemed easily confirmable. But questions arose about his fitness for the office, and they were serious enough to require a special investigation by an independent counsel.

The counsel concluded that none of the charges warranted a criminal indictment, so the president renewed the nomination. This week the Senate returns to the crucial question: What qualifies Mr. Meese for this job?

There is much to be said for letting presidents have their choice of cabinet officers. But unless the qualifications are cut to fit the candidate, Mr. Meese is not a desirable choice. Some senators seem in no mood to measure the nominee. For them the key factors are Mr. Reagan's landslide re-election and the independent counsel's report that Mr. Meese has done nothing criminal. Yet senators voting to confirm or reject should apply a higher standard of what an attorney general ought to be.

The person entrusted with the Department of Justice need not be a legal scholar or master of every legal specialty under his direction, but he should be (earned) in the law and he should have distinguished himself in its practice and application. Moreover, he should aspire to be the conscience of any administration, guiding the president in setting its ethical and moral tone. He should become not only the president's advocate but also his chief legal adviser.

Other Opinion

A Quilt for Unmade Pakistan

Pakistan remains not so much a nation with an accepted constitution as a collection of peoples held together by an army and by the pressures of the Cold War. It is riven, too, by the populist urban proletarian pressures which the Bhutto movement rode. The military could, if it so decided, replace the president overnight in classic Pakistani style. Radical elements of the army could unite with the quiescent urban mob. A relaxation of international tension could leave the United States less adamantly opposed to Sindh or Baluchi autonomy. The new constitution may be a skillful patchwork quilt but it is no more than a quilt thrown over an unmade bed.

The problems that President Zia inherited remain. They are the problems Pakistan has juggled since its bloody birth. There is good reason to suppose that those problems will outlive even the adroit President Zia, his Islamic republic and the restricted assemblies he is calling into being.

—The Guardian (London).

America, China and Bystanders

It is the grass that suffers when elephants fight, says an African proverb. The grass, as a bit of inspired retelling had it, does not fare any better when elephants make love.

This is a point worth recalling at this juncture when China and the United States are talking about military cooperation and Washington plans the sale of military equipment to Beijing. Do the interests of smaller powers

need always be trampled underfoot when the world's greatest power starts supplying arms to a potential global power? [It has been agreed that] China, worried about Russia's intentions, needed help in modernizing its almost antique navy and that all the nations on the Pacific rim would gain by that.

—The Singapore Monitor.

Meese Shouldn't Be Confirmed

If Edwin Meese is confirmed as attorney general, we will be taught a dismaying lesson about the state of our public ethics and about the moral code of the United States Senate.

In Washington, it seems, the finding of the independent counsel that there was insufficient evidence to prosecute Mr. Meese for actual crimes is being interpreted as a clean bill of health that should lead to his speedy confirmation by the Senate. But the independent counsel's 385-page report is anything but a vindication. It contains detailed, largely uncontested evidence of Mr. Meese's low regard for ethics in government and of his willingness to engage in behavior that raises the most serious questions about his fitness to become our country's chief law-enforcement officer.

The president of a large university asked me last spring: "How can you and I continue to try to teach young men and women to recognize moral standards if the Senate votes that what Ed Meese did does not bar his confirmation as attorney general of the United States?"

—Archibald Cox, a former Watergate special prosecutor who teaches law at Boston University, writing in the Washington Post.

When Opinion Leads, Government Follows

By Robert J. McCloskey

WASHINGTON — On most big issues, government leads and public opinion follows. Certain gut issues have the capacity to turn that process around. We are now witnessing a singular example in the framing of U.S. policy toward famine relief in sub-Saharan Africa.

Until television brought the desperate faces of Ethiopia into American living rooms, it was a case of "out of sight, out of mind." The Reagan administration was maintaining an arm's-length relationship with the Marxist regime in Addis Ababa. The leaders there were described by Washington as hostile to America and indifferent to their own people. Limited quantities of food were channeled through private agencies such as Catholic Relief Services, which has worked in Ethiopia for a generation.

All that changed in October when the pictures from Korem, Makale and Bati dominated the daily news. Americans were profoundly affected, and showed their concern through private contributions and requests for more information on the causes of famine in Ethiopia and elsewhere in Africa.

Public opinion began to lead policy. Washington moved quickly to approve increased aid requests through private agencies, and initiated a bilateral government grant of food. As the news media began reporting from Sudan, Mali, Niger and Mozambique, Washington expanded U.S. aid throughout Africa.

Another striking indication that policy is being shaped by public sentiment occurred last week when the Senate Foreign Relations Committee opened hearings on what

more the U.S. government should do to aid the famine victims, which is a topic that was not originally on the committee's agenda.

House members who had been to Ethiopia had earlier introduced a bill calling for more than \$1 billion in supplementary assistance, and scheduled hearings for this week. All but two of the 64 co-sponsors are Democrats. Now the Republican side has announced a bill seeking \$628 million. A current administration request calls for \$235 million in new money while re-allocating other Agency for International Development funds from existing accounts. Catholic Relief Services and other private agencies believe that the administration's proposal does not go far enough.

The contrast with last year is noteworthy. Congress then appropriated \$150 million in supplementary aid after the administration argued that \$90 million was sufficient. The administration went along reluctantly, but not before it sought to attach an amendment for military aid in Central America. The effect was to encumber a "clean bill" that had broad congressional and public support with an amendment that had virtually none, and \$60 million in desperately needed African aid was delayed in the process. If ever an administration was out of step with the will of the people, that was a clear example.

In November the Agency for International Development called for a meeting of donor governments as a way to coordinate responses to Africa's needs. That was a wise step.

If, as macro-planners contend, there is ample food to feed everyone on Earth, then the world community is neglecting — or at best dealing inadequately with — its moral responsibility. Thus a meeting of donor governments is a good idea.

But it now appears that Washington prefers to have the United Nations assume the catalyst role. Given that organization's proclivity for politicizing issues, not to mention the fact that the UN General Assembly recently approved \$73 million to build a conference hall in Ethiopia before addressing the famine, it is difficult to see what it could contribute to alleviating the continent's food problem. It would be more appropriate to get the United Nations to work toward obtaining cease-fires in countries where civil wars hinder food distribution.

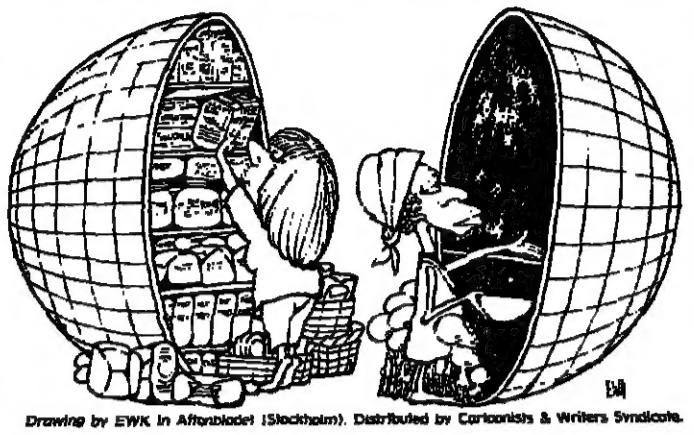
The generosity of individuals in

response to the suffering in Africa is unprecedented in modern times. Their help will permit Catholic Relief Services to spend \$15 million on programs in Ethiopia alone.

In Iowa, for example, where farm foreclosures are common, residents contributed \$630,000 recently through a statewide appeal by the Des Moines Register to assist Catholic Relief Services and Church World Service programs.

Public opinion cannot always shape government policy so directly. When it does happen, as it has with the African famine victims, it generally makes good sense. This experience has shown us the kind of values that Americans truly cherish. It is good to be reminded.

The writer, a former U.S. ambassador to Cyprus, the Netherlands and Greece, is senior vice president of Catholic Relief Services. He contributed this column to the Los Angeles Times.



Drawing by EWK in Affonsolet (Stockholm). Distributed by Cartoonists & Writers Syndicate.

They Won't Let the General Show His Pictures

By Philip Geyelin

MONS, Belgium — The commanders at Supreme Headquarters Allied Powers Europe (SHAPE) think they have the goods on the Soviet Union's dark designs in Europe: Secret aerial photographs from American spy satellites clearly reveal military deployments that can have only offensive, as distinct from defensive, purposes.

Publication of this evidence, they believe, might work wonders on European public opinion and in turn on

Why? General Bernard Rogers, the supreme allied commander in Europe, would like to know. He has been told that publication of these photographs could compromise U.S. intelligence gathering, but he is puzzled by the "nuance" between aerial surveillance from fixed-wing aircraft over Nicaragua and satellite surveillance of Warsaw Pact deployment. General Rogers is a Rhodes scholar

other is a growing temptation among "serious people, not just kooks, to think in terms of pacifism, neutralism, accommodation."

As these trends converge, he believes Europe might "wake up some morning" and find the Soviets in a commanding position — not to start a war, necessarily, but to subject susceptible Europeans to irresistible diplomatic and economic blackmail.

"I'm convinced that the time has come, or passed, for the common good of collective defense, to have a little give on the part of the intelligence community," he says.

Even if he is wrong, the runaround he has been getting from Washington is a commentary on the Reagan administration's management of national security affairs.

The point is not so much whether release of this evidence would do everything the general imagines. The point is that he has been pressing what he thinks is an important case at the highest levels of the U.S. government and even getting a sympathetic hearing for almost four years. What he has not been getting is anything in the nature of a considered response reflecting a serious effort to choose between risks and opportunities. In-

stead, intelligence technicians have been bottling up useful and damning evidence at a time when (a) Europeans regularly fall short in meeting NATO commitments, (b) the Soviets are moving ahead in sheer numbers of tanks, helicopters and other armaments and (c) Senator Sam Nunn, the Georgia Democrat, is using his considerable prestige to round up Senate support for drawing down American forces if the Europeans fail to do more in their own behalf.

General Rogers believes that this would be the "unraveling" of the alliance. He sees hard-pressed and in many cases shaky European coalition governments under heavy pressure for social welfare spending. So he would try to strengthen their hand with public opinion.

Many Europeans seriously doubt the numbers — or even the existence — of the Soviet intermediate-range ballistic missiles that constitute the rationale for the hard-won alliance agreement to deploy countervailing U.S. missiles in Western Europe. At least one recipient, Belgium, is having serious second thoughts. General Rogers says the spy photos would show the sites and even the Soviet missiles, unmistakably.

The European man on the street, he contends, does a lot of wishful thinking about the purely defensive posture of Warsaw Pact forces. "You can show the offensive nature of the Warsaw Pact if you can show the massive amounts of prepositioned river-crossing equipment, the massive amount of prepositioned pipeline and their ability to lay that pipeline up to 90 kilometers a day."

He also has photographic evidence of the location and the specific weaponry of Warsaw Pact units. He has tested his theory. With the permission of Defense Secretary Caspar Weinberger he did a slide show for a select group of European cabinet ministers. "You could hear the breath being sucked in when they saw the pictures for the first time," he says. He believes in it enough to have signed on for another two-year hitch, with the administration's blessing.

Few American authorities question his analysis. The debate is over what to do. And the remedy of choice, increasingly, is to think in terms of threats that the United States will simply walk away from the problem. General Rogers makes a good case that before it comes to that, the administration ought to lay out its best evidence of the Soviet threat and see how the Europeans respond.

Washington Post Writers Group.

All Aboard! Tax Reform Is About to Cast Off

By George F. Will

WASHINGTON — What we have here is "High Noon" played by the Marx brothers. The gunslingers are warily walking down the dusty street — Pennsylvania Avenue — but they are not eager to sling guns. The winner may be the one who draws last.

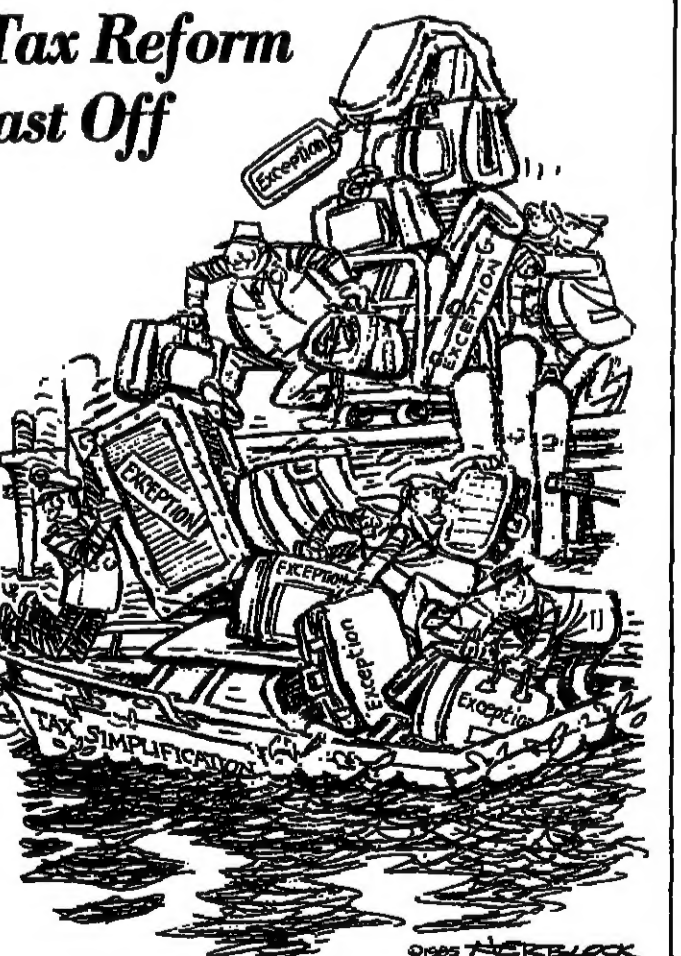
The president is going to submit a sort of budget, in a perfunctory sort of way. The House of Representatives, the last redoubt of Democrats, must — the law is tricky about this — pass a budget. But it does not want to do that until Senate Republicans write one.

Their leader, Robert Dole, is going to run for president as a Responsible Republican, meaning one who will countenance some Social Security cuts and deeper defense cuts than the president wants. If Mr. Dole oversees Senate passage of a budget like that, House Democrats will stand back agape, entranced by the spectacle of Congress and there will be government by continuing resolution until 1986, which is an election year, so . . .

So let's kill time by reforming taxes. Rub, rub, rub. There. We have erased every line in the wickedly complicated tax code, because Americans say they crave simplicity. And yet, and yet . . .

A few months ago the Reagan administration was said to be bent on establishing a theocracy, turning the government over to the nation's persons. But lo! The Reagan administration's tax simplification plan would erase the provision whereby persons are not taxed on the value of the compensation they receive in the form of their personage or housing allowance. Taxing that will give the government \$164 million in 1990. But that is \$164 million that congregations will have to make up, or take from charities. So persons and their flocks will put the fear of God into Congress.

Furthermore, America itself — meaning, of course, baseball — is endangered. Last year 15 million tickets — one-third of all tickets sold — were deductible as business expense. The government, in one of its sweeter moods, has declared that a major league stadium is an "appropriate business setting." For business entertainment, that is. Change that, and much revenue will be drained from sports. So, sports fans, let's keep a little complexity in the tax code, to protect sports.



Now, about that progressive idea of ending the deductibility of mortgage-interest payments on second homes. That change would persecute the plutocrats, right? Well, it will not amuse Aspen, Colorado, Sun Valley, Idaho, and Jackson Hole, Wyoming, for starters. And those states have as many senators as California, New York and Texas.

The end of second-home deductibility would alarm the lumbermen who harvest the trees that make the beams and shingles and floors in second homes. And the union members who make the plumbing fixtures may oppose any tax change that would inhibit construction.

Concerning the three-martini lunch, who will die in the last ditch in defense of permissive rules on the deductibility of "business" meals? Not cats grown fat on too much gin and not enough vermouth. They are too fat to fight. The defenders will be the restaurant and hotel workers' unions. And (for starters) the two senators from Louisiana: New Orleans is kept afloat by deductible spending at business conventions and meetings. Well, at least we can agree about

Letters intended for publication should be addressed to "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

The Colonel's a Marine

In a Jan. 29 report on the latest U.S. space shuttle mission, you inaccurately identified crew member Lieutenant Colonel James F. Buchli as a member of the U.S. Air Force. He is a U.S. Marine and a 1967 graduate of the U.S. Naval Academy.

L.H. AMBROSE
Hong Kong.

Brooklyn May Survive

Would all of you out there who think that the "star wars" project is workable get in touch with me, please? I happen to have a bridge you might like to buy.

CHARI COANE
Milan.

Never Heard of Him

William Safire, in his Jan. 14 language column, cites "migraineur," French for "migraine headache," meaning "prone to migraine headaches," but "migraineur" doesn't mean a thing.

MAURICE WERTHER
Paris.

Schaften, Skoff, Scoff

Regarding William Safire's Jan. 7 "Language" column and a letter from J.W. Hemingway (Jan. 19):

The word "scoff" was used in South Africa well before the Boer War. In the semi-desert Karoo region where I was born, food was called "scoff" as early as the end of the 19th century when the "trekkers" still lived in their ox wagons on the Cape three centuries ago by Dutch sailors who spoke of "scoffen" — to take a noon meal. In forming the Afrikaans language, the trekkers, many of whom were semi-literate, took words from Dutch, German and French, which were then spoken at the Cape, and simplified the spelling and pronunciation. "Schaften" thus became "scoff." The word is still used in the Karoo, where the local specialists are called "Karoo scoff."

The word also means a shift, stage or trek, but is then spelled "skof." The trekboer's wife served a meal after each working lap.

MARILYN TOMLINS
Paris.

FROM OUR JAN. 30 PAGES, 75 AND 50 YEARS AGO

1910: Asquith Needs Labor and Irish

PARIS — The most eventful general election held in Great Britain for a century came to an end [on Jan. 29]. Liberals and Unionists practically balance one another, and Liberal Prime Minister Herbert Henry Asquith is dependent for his majority on such doubtful allies as the Labor Party and the Irish Nationalists. At the moment of the dissolution the Liberal Cabinet's platform included reform of the House of Lords and acceptance of the Lloyd George Budget. When the Lords throw out the Budget the Liberal Cabinet had a majority. Now that it has returned dependent on the Irish Nationalists there is little chance of the Upper House showing itself more complaisant. In its struggle to weaken the veto of the Lords the Cabinet can count on John Edward Redmond and his followers, as this would get rid of one of the obstacles to a Home Rule bill.

1935: Senate Rejects World Court

WASHINGTON — The Administration suffered its first major defeat from the new Congress [on Jan. 29] when the Senate rejected the Robinson resolution providing for America's adherence to the World Court, by a vote of 52 to 36, which was far short of the two-thirds majority required for ratification of the protocols signed thirteen years ago. The vote came as a surprise, as shortly before the roll call Senator George W. Norris (Republican, Nebraska) and other court foes had indicated that their chances of defeating adherence were almost hopeless. A last-minute effort to assure passage of the Robinson resolution was exercised by the Administration, Secretary of State Cordell Hull visiting the Capitol [on Jan. 28] and pleading with opponents to withdraw their objection to the United States entering the Permanent Court of International Justice.

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1938-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER
Co-Chairmen

LEE W. HUEBNER, Publisher

Executive Editor

Editor

Deputy Editor

Deputy Editor

Associate Editor

RENE BONDI, Deputy Publisher

ALAN LECOUR, Associate Publisher

RICHARD W. MORGAN, Associate Publisher

STEPHAN W. CONAWAY, Director of Operations

FRANCOIS DESMAISON, Director of Circulation

ROLF D. KRANEPUHL, Director of Advertising Sales

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92000 Neuilly-sur-Seine, France. Telephone: 747-1265. Telex: 612118 (Herald). Cable: Herald Paris.

Director of the publication: Walter N. Thayer.

Asia Headquarters: 24-34 Hennessy Rd., Hong Kong. Tel. 2-285618. Telex 61170.

Managing Dir. U.K.: Robin MacKinnon, 63 Long Acre, London WC2E. Tel. 836-4802. Telex 262009.

S.A. au capital de 1,200,000 F. RCS Nanterre B 73201126. Commission Paritaire No. 61337.

U.S. subscription: \$284. International Herald Tribune. All rights reserved.

Fruits of Free Enterprise Elude Jamaica

Prime Minister Faces Disappointed Populace After Collapse of Bauxite Industry

By Blaine Harden

Washington Post Service

KINGSTON, Jamaica — Four years ago, Prime Minister Edward Seaga of Jamaica was the first foreign head of state to be received by a freshly inaugurated Ronald Reagan. At lunch in the White House, the two leaders made toasts to their faith in the power of free enterprise.

Mr. Reagan later designated Jamaica as the jewel of his Caribbean Basin Initiative, a program intended to revive island economies with the "magic of the marketplace."

But the magic has eluded this island 500 miles (800 kilometers) south of Miami. After one promising year, Jamaica under Mr. Seaga has wandered into an economic twilight zone of large foreign debt, collapse of the bauxite industry, record devaluation of the currency, anemic American investment, high unemployment, high inflation and almost no growth.

Doubling and tripling of prices for necessities such as food, electricity and fuel has squeezed the working class in an economy where the per capita income last year was \$932.

A government-imposed, 21-percent increase in oil prices sent the poor into the streets two weeks ago, ending four years of relative calm. Demonstrations closed down parts of the island for two days, claimed seven lives, and frightened away some American tourists and their needed dollars.

Four years ago, Mr. Reagan said Mr. Seaga's commitment to "free people, a democracy, and free enterprise," buttressed by financial assistance from the United States, would enable the prime minister to "fulfill the trust that is placed in you by your country and embody the hope of all free people."

Yet Jamaica's economic ills have given Mr. Seaga's archival here, former Prime Minister Michael Manley, a political opening. Mr. Manley, a Socialist whose amiable relations with Fidel Castro's Cuba make him anathema to Washington, has started a campaign to force Mr. Seaga to call a national election. Unless the economy stops hurting poor Jamaicans, many here say, more violence is likely.

This has happened despite U.S. aid that in 1984 made Jamaica the third largest recipient in the Western Hemisphere, behind El Salvador and Costa Rica.

Other assistance arrived through U.S. efforts to encourage business to invest here; an estimated \$500 million yearly in loans from the



Edward Seaga

United States, the World Bank and the International Monetary Fund; and a concessionary trading agreement under the Caribbean Basin Initiative that gives Jamaican businesses duty-free access to most U.S. markets.

According to economists, businessmen and government officials, both here and in the United States, this resort island has not been amenable to the "magic of the marketplace" because of bad luck, the fragility of the economy and the profligate consuming tastes of the Jamaican middle class.

Mr. Seaga was elected in 1980 because he promised he could manage the economy better than Mr. Manley, who had presided over seven years of economic decline. His Socialist policies frightened away about 30 percent of the island's professional and managerial talent. Mr. Seaga was seen as a free-market capitalist who would counter Mr. Manley's Socialism.

As it has turned out, Mr. Seaga has been quite willing to use his government to both goad and prop up Jamaica's economy. He imposed rent controls and developed a feeding program that will give food to nearly one million of the 2.3 million people. In the past year, Mr. Seaga's government has all but cut off the ability of the middle class to import consumer goods.

In an interview, Mr. Seaga said his free-enterprise convictions have not been tempered by the poor performance of the economy. But he added: "We are not a country that has large-scale capital resources that can indulge in a totally free

economy. We never have been and I doubt that we ever can be."

The most severe blow to the Jamaican economy in the past four years — the collapse of the bauxite industry — would have occurred no matter whose hand was guiding the economy.

Sale of bauxite, the ore from which aluminum is obtained, has been Jamaica's primary source of hard currency for decades.

Worldwide recession, a glut of aluminum and cheaper sources of the ore elsewhere combined in the past four years to cut the island's bauxite exports by one third. Mr. Seaga said it would take at least five more years before bauxite sales could return to pre-recession levels.

According to a World Bank official, the bauxite collapse reduced foreign-exchange earnings and weakened the economy to the point where it is now hostage to its \$2.8-billion foreign debt. Payment on that debt, which is higher on a per capita basis than the debt of Mexico or Brazil, eats up 40 percent of everything Jamaica earns in foreign exchange, the official said.

The failure of the bauxite industry has been accompanied by a reluctance on the part of large American corporations to invest in Jamaica.

The lack of a substitute industry have constricted the flow of foreign exchange into Jamaica. Since foreign exchange to buy raw materials and equipment has become so scarce, Mr. Seaga has been forced to restrict the ways in which Jamaicans can spend their money outside the island.

He has also imposed credit restrictions that prevent all but the richest Jamaicans from buying imported luxuries.

Jamaica is showing some signs that it can recover. Tourism is booming, up 50 percent in three years, and there is some growth in manufacturing and agriculture. A World Bank official said Jamaica was building a "firm foundation for the future" and added that Mr. Seaga has "shown more courage than most Third World leaders" in disciplining his nation's economy.

The key political issue remains: Will the Jamaican people submit to several more years of this discipline?

Mr. Manley's political appeal is that he says such sacrifice is not necessary. Mr. Seaga is not required to call another election until 1988, and so further sure violence is likely to be the most important gauge of this nation's willingness to take Mr. Seaga's medicine.



FATAL ACCIDENT — Workers inspect the wreckage in which one man died and four were injured as a truck

crashed down an embankment and into a house at Petrie, Australia, on the northern outskirts of Brisbane

In Southern Sudan, Rebel Warning Prompts Foreigners' Exodus

By Judith Miller

New York Times Service

JUBA, Sudan — The U.S. compound is almost deserted. So is the UN enclave. Norwegian Church Aid, a mainstay of the relief and development effort in southern Sudan for more than a decade, has evacuated about 150 staff members and dependents to Nairobi.

Ninety percent of the foreign aid and relief workers have left Juba and nearby towns in the past two weeks. On Monday, the Sudan People's Liberation Army, insurgents opposed to President Gaafar Nimeiri who have been fighting in the south since 1983, warned all foreigners to leave southern Sudan to avoid being killed "inadvertently," according to the group's daily radio broadcast from Ethiopia.

Juba is not besieged by the rebels. But their entry into the southern province of Equatoria and their proximity to Juba, its capital, constitutes a new, pivotal phase in the civil war, according to Sudanese and Western residents here.

The rebellion in the south also poses the most serious challenge to President Nimeiri's government since the previous civil war ended 15 years ago, residents say.

General Nimeiri negotiated an end to 17 years of civil strife between north and south by promising the lesser-developed south greater autonomy and a larger share of the country's resources in 1972, three years after he overthrew the civilian government and took power.

The rebels argue, and many southerners agree, that

the government has not kept its word. An irritant has been the government's effort to impose Islamic law on the south, whose population is mostly animist or Christian. Islamic law has not been enforced here and is openly derided by regional officials. Alcohol, for example, is widely served in Juba.

Mr. Nimeiri's division of the south into three regions in June 1983, however, has been bitterly resented by many southerners, who see it as an effort to dilute the south's autonomy.

Moreover, the south has received too little of the country's resources, they complain. The south receives only 5 percent of Sudan's oil imports, economists here say.

Mr. Nimeiri has taken what southerners, and some Westerners, regard as an inflexible stance toward the south's complaints.

"Southerners have lived off the cotton produced in the north since 1926," Mr. Nimeiri said in a recent interview. "They have land, water, and resources, but they don't work. Now that we have discovered oil, they say it is ours. I say no, it belongs to the central government, to all Sudan."

With government and rebel attitudes hardening, no political solution to the civil war is in sight.

So Juba is awash in rumors, and the lack of facts heightens local tension. At the Greek Club, the Equatoria Inn, and Juba's other major bars and restaurants, the remaining foreigners swap information, much of it inaccurate, about road closings, rebel sightings, and skirmishes between rebel and the army.

Jittery soldiers guard a bridge across the Nile. Two tanks are dug in along the west bank of the river. More than a dozen armored personnel vehicles have been deployed at an army base near the bridge to help defend Juba in case of an attack from the east bank, where rebels have recently made inroads.

For the past month, the Sudan People's Liberation Army broadcast has reiterated its intention to take Juba, compounding anxiety in this city of 190,000.

Most residents here say the rebels would not try, nor would they be able to, take Juba, for reasons that illustrate the war's politics.

Equatoria's various tribal groups have been cool to the rebels, because most of the Sudan People's Liberation Army, including its leader, Colonel John Garang, a U.S.-educated army defector, come from the Dinka tribe. The Dinka, mostly from the Upper Nile and Bahr al-Ghazal provinces, comprise almost 2 million of the south's six million people.

The military situation is clouded. Brigadier General Osman Abdullah, director of operations of the Sudanese Air Force, said that Colonel Garang had about 3,000 to 6,000 of his 10,000 to 15,000 soldiers in Equatoria. Three weeks ago, the army began an offensive against them, he said.

Major General Babikr Abdul Raheem, spokesman for the government forces, has said that the government had successfully engaged the rebels in early January at Terakeka, about 50 miles (80 kilometers) northwest of Juba, and at La Foa, 70 miles northeast of the capital. On Jan. 19, according to the govern-

ment, the army destroyed a rebel base at Winiybul, near the Ugandan border.

But some residents express concern about the army. They say the war is unpopular with the soldiers, many of whom are northerners.

Of particular concern was a rebel ambush of an army company on Dec. 25 at Malek, a town near Bor, about 100 miles north of Juba. The army completely lost its cohesion, according to authoritative accounts.

Ransom for Foreigners

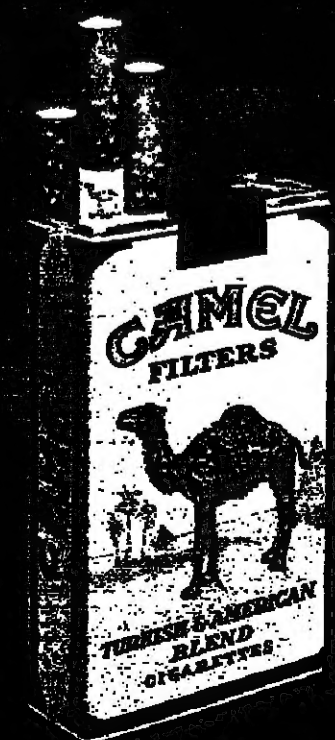
A French construction company paid \$300,000 or more for the release of four employees who had been held for nearly a year by the Sudan People's Liberation Army. The New York Times reported from Addis Ababa, Ethiopia. Two other hostages were still being held.

Western diplomats said the company, International Construction Co., paid \$200,000 to \$1 million for the four hostages. They were handed over by the Ethiopian authorities at the French Embassy in Addis Ababa.

Those freed Monday were identified as two French engineers, Yves Parris and Michel Dupire; a British technician, Ian F. Jain, and a British-born Kenyan pilot, Gwynne Morison. They were captured Feb. 10, 1984, in southern Sudan, where they were working on the Jonglei canal project for the company.

The two remaining hostages, a Swiss freelance journalist, Michael Inke, and a friend, identified only as Astrid, were captured when they tried to find the construction company employees.

CAMEL FILTERS



The world's fastest growing international brand

It's a whole new world.

INSIGHTS

Dole and Lugar: New Leaders Steer Senate Back Into Foreign Policy

By Helen Dewar
International Herald Tribune

WASHINGTON — Despite loyalty to the Reagan administration's global goals, the new Republican leadership of the Senate is showing a streak of free-thinking independence that could revive the Senate's role as a powerful force in shaping U.S. foreign policy.

The two central players, Robert J. Dole, of Kansas, the majority leader, and Richard G. Lugar, of Indiana, the chairman of the Foreign Relations Committee, have already pointed the Republican-controlled Senate down paths that could force change at the White House, Pentagon and State Department.

Senator Dole has been pushing a deficit-reduction plan that would deeply cut if not freeze President Ronald Reagan's costly military buildup, possibly further jeopardizing such weapons programs as the MX missile.

Senator Lugar has declared that covert U.S. aid to anti-government guerrillas in Nicaragua is no longer "viable" and pronounced the program to be virtually dead in Congress.

Moreover, both Mr. Dole and Mr. Lugar have put emphasis on independent initiative that is at least partly aimed at reviving the Senate as a creative national force in foreign policy. Such initiative was last seen when former Senator J. William Fulbright, an Arkansas Democrat, headed the Foreign Relations Committee during the ferment over the Vietnam War.

Restoration of bipartisanship in Senate handling of foreign policy is another key goal.

"I would like to have people in the future look back at this Congress and say that it made a major effort to reinstate a bipartisan spirit in our consideration of foreign policy issues," said Mr. Dole in answer to a question about his top priority for the session.

He noted that the first substantive act of the Senate after it convened Jan. 3 was passage of a bipartisan resolution commending the administration's efforts to resume arms control negotiations. At the Democrats' insistence, the resolution included the appointment of official Senate "observers" to monitor the talks.

In an interview, Mr. Lugar emphasized the fact that he and Mr. Dole have been administration loyalists, but he used this fact to indicate they can be expected to act independently of the White House when administration and Senate priorities are at odds.

"We are both supporters of the administration but because of this loyalty we both have an opportunity and obligation to speak out in independent ways," said Mr. Lugar. He subsequently proved the point in a speech to the National Press Club that posed questions about some of the most basic tenets of U.S. foreign policy.

Neither Mr. Dole, 61, a 24-year congressional veteran, vice presidential candidate in 1976 and likely contender for the Republican presidential nomination in 1988, nor Mr. Lugar, 52, a former mayor of Indianapolis who has served in the Senate only eight years, has any extensive experience in foreign policy.

Their concerns have been mainly on the domestic front, although their preoccupation with economic policy, trade, agricultural and industrial issues — and in Mr. Lugar's case, intelligence problems — gives them a perspective that is bound to influence their approach toward foreign policy.

BOTH are political centrists, pragmatists rather than ideologues. Midwesterners who fit neither the mold of the liberal Eastern establishment nor the New Right conservatism within their party. While their basic political philosophies and world views are distinctly compatible, they differ in style.

Mr. Dole is a bold, even daring legislative charger, gregarious, energetic and witty. He has a reputation of being a "hatchet-man" of the Republican Party, but he now commands wide respect on both sides of the aisle. Chosen over four rivals — in part because of his personal and political dynamism — he has elevated Senate Republican ranks, although his leadership remains untested in actual votes.

By contrast, Mr. Lugar is reserved and cautious, a Rhodes scholar with a keen, analytical intellect but little pretentiousness about his well-regarded skills at mastering difficult issues and forging coalitions to deal with them. He is known for plucking compromises out of difficult situations — ranging from the New York City and Chrysler Corp. financial bailouts in the late 1970s to a procedural accord last year on monitoring the CIA. He has, said an admiring aide to another senator, a "flair for blandness."

In terms of policy differences, Mr. Lugar has spoken of the need to continue the Reagan administration's military buildup regardless of



Senator Robert J. Dole: Pushing deficit reduction.

success or failure in arms control talks, while Mr. Dole has led the charge for across-the-board spending cutbacks, including in the military. But this may stem as much from their disparate roles as from any fundamental policy difference; they appear to work well together, and Mr. Dole has delegated chief responsibility for foreign policy issues to Mr. Lugar.

On basic policy, Mr. Dole and Mr. Lugar are expected to depart little from their script of their predecessors: Howard H. Baker Jr., of Tennessee, the majority leader who retired to consider a possible bid for the presidency, and Charles H. Percy of Illinois, who was chairman of the Foreign Relations Committee when he was defeated for re-election.

But Senator Percy tended to be more of an outspoken arms-control advocate than Mr. Lugar, at times crossing swords with the administration on the issue. And he generally tended toward more liberal positions than the Republicans as a whole in the Senate, making it difficult to forge a majority within his party. This factor contributed to the stalemate over foreign-aid authorization bills in three of the four years of President Reagan's first term. Senator Baker often assumed command of foreign policy issues when they reached a critical point.

Mr. Dole and Mr. Lugar opposed the SALT-2 treaty but backed the Reagan administration's strategy for moving to arms reduction talks, including the Space Defense Initiative, or SDI.

"SDI has already made its first contribution to arms control," said Mr. Lugar in his Jan. 23 press club speech. "The Soviet Union is back at the negotiating table. We should not expect the SDI to do too much too quickly, but we should be prepared for the fact that this research effort is here to stay and that its consequences will be great."

Both sided with the administration in opposing the move last year by Senator Sam Nunn, a Georgia Democrat, to reduce U.S. troop levels in Europe unless NATO countries meet their financial commitments for support of the alliance. But they also contend that more burden-sharing is necessary.

"Very frankly the Nunn amendment was a good thing as long as it didn't pass," Mr. Dole said recently. "Perhaps it has helped convince our NATO allies that we have a real problem on burden-sharing and that we in the United States take that problem very seriously."

Neither Mr. Dole nor Mr. Lugar figure in the strong trade protectionist movement in Congress.

As a Kansan, Mr. Dole has a strong interest in grain exports, which showed up in his vociferous opposition to the anti-Soviet grain embargo. Even though Indiana is a major steel-producing state as well as agricultural state, Mr. Lugar has taken a lead in opposing quotas on steel imports and generally regards himself as a free-trader, although he recently endorsed continued restraint of the importation of Japanese automobiles.

Mr. Dole, however, has warned that protectionist pressures may gain in Congress unless obstacles to U.S. exports are removed. "Protectionist pressures here can be contained only if those industries now in ascendancy — like agriculture, telecommunications, advanced electronics and services — are allowed fully to compete in export markets," he said.

In broad terms, Mr. Dole has put his foreign policy priorities in these terms: "First, I think we need to make sure that our relations with our allies are in good order. We've got to keep the NATO alliance in good shape, keep pushing on burden-sharing — without being threatening — and doing what we can to resolve differences among individual NATO members. We've got to make some progress with Japan on our trade imbalance, so that doesn't disrupt what otherwise is a very sound and mutually beneficial relationship. We've got to continue our support for Israel without forgetting the legitimate interests of our other friends in the Middle East."

"Second, we must follow through vigorously — as I know the administration intends — to seek effective nuclear arms control agreements with the Soviets. That's almost certainly going to be a long, tough, sometimes frustrating process, but we've got to try."

"Third, we should take a fresh look at a number of the regional trouble spots that we've been dealing with over the last few years — the Middle East, southern Africa, Afghanistan and South Asia."

"It may be that we will decide that what we're going on these issues is about right and we shouldn't change. But on some of them, I expect, a fresh look might allow us to better focus on our current goals and give us some fresh ideas about how to achieve these goals. And perhaps I should include here as a separate high priority doing something about the African food situation, though I regard that as much more of a humanitarian than foreign policy issue."

Mr. Lugar sketched out his concerns in a more philosophical vein in his press club speech, which was largely devoted to a lack of consensus over critical foreign policy issues in the United States, especially since the Vietnam War.

In the aftermath of Vietnam, he said, "The United States has been and continued to be uncertain about the use of force in the conduct of American foreign policy. A broader popular involvement in foreign policy questions has deepened the historical reluctance of Americans to employ force to achieve our national purposes."

In poll after poll, he continued, "Americans express their concern about hostile governments which imperil our interests in Latin America and elsewhere. But in these same polls, Americans display an equal and overwhelming opposition to any course of action which might actually frustrate governments which are harmful to us."

Then he asked the following questions that are expected to be central to his reappraisal of U.S. foreign policy, starting with five or six weeks of wide-ranging hearings that begin Jan. 31.

"Do we really have vital interests all around the globe?" he asked, without pretending to have the answers. "Do we have the economic and military capabilities and the political will to support these interests with a safe margin of risk? Do we have a long-term, substantial and correct view of the Soviet Union. Do we have an appropriate understanding of the economic, political and spiritual forces that move nations?"



Senator Richard G. Lugar: Against covert aid to rebels.

Scientists Clash Over Space Defense; Some See 'Promise,' Others 'Tragedy'

By Henry Tanner

International Herald Tribune

BERLIN — Albert Einstein was a lifelong pacifist. But when he was told that Nazi Germany was close to developing an atomic weapon, he joined other scientists writing to President Roosevelt, urging him to take "quick action" in atomic bomb research. After Hiroshima, Mr. Einstein became a fervent advocate of world government as the only way to prevent a nuclear holocaust.

Robert J. Oppenheimer was in charge of the Manhattan Project, which produced the first atomic explosion. A few years later, with other U.S. scientists, he passionately opposed building the hydrogen bomb.

Today, scientists again are fervently taking sides.

The issue now is President Ronald Reagan's Strategic Defense Initiative, popularly known as "star wars," which many scientists say raises military, scientific and moral questions of a magnitude comparable to those resulting from presidential decisions on the atomic bomb.

Mr. Reagan's space defense system could bring vital changes in the "balance of terror" between the United States and the Soviet Union. Many think it could be decisive in making or breaking East-West negotiations on nuclear arms control for the next 50 years and determine the question of war or peace, even human survival.

A roundtable of about 20 U.S., Soviet and European scientists and officials early this month conveyed an impression of how these men talk among themselves when they argue about the "promise" or the "tragedy" inherent in the U.S. plans. The symposium was held at the Aspen Institute in West Berlin.

The discussions were polite — first names were used, almost exclusively — and the positions were reined in. But the disagreements over "star wars" were fundamental.

The U.S. program calls for \$26 billion to be spent in the next five years on research to develop a space-based, anti-missile system that, if effective, would make the arsenal of Soviet intercontinental ballistic missiles obsolete.

GEROLD Yonas of the Pentagon, the scientist in charge of the Strategic Defense Initiative research program, and Gilbert D. Rye, director of space programs for the National Security Council, argued strongly for the program. Other U.S. and European scientists questioned its feasibility as well as the basic political and strategic assumptions behind it.

Mr. Yonas asserted that the development of a "credible" U.S. space defense against ballistic missiles would leave the Soviet Union with few options and would induce them "to discontinue further investments in offensive nuclear weapons and to abandon their strategy based on a first-strike capability."

The challenge is to develop technologies "far ahead of any possible response," Mr. Yonas said. "This is the essence of our research program."

He said there would be dramatic innovations in the next five years and that deployment of the space defense system could begin "within the next 10 or 15 years."

No one at the table questioned the need for U.S. military research in space. The fact that Moscow, too, is engaged in such research was not denied by the Soviet participants.

But the U.S. scientists present who were not connected to the Reagan administration argued that anything short of a "perfect" space defense system not only would fail to deter the Russians from building more ballistic weapons but would actually compel them to build more and destroy, perhaps forever, the hope of any agreement on nuclear arms control.

They criticized U.S. civilian leaders, notably President Reagan and Defense Secretary Caspar W. Weinberger, for holding out the impossible promise of a "perfect" defense.

"To make nuclear weapons truly obsolete is totally unrealistic, a fantasy," said Jack Ruina, a professor from the Massachusetts Institute of Technology.

He spoke of "the fallacy of the last move," the idea that U.S. weapons technology could achieve something so final that the other side would never be able to make a countermove.

"This is as far from reality as putting a man on the sun or building a bridge to the moon," Mr. Ruina said. He said that the arms race has shown that there is an answer to every new step one side may take, and that each adversary can build improved offensive weapons to overcome the other's defensive system.

Several participants pointed out that the United States would probably be forced to test its space defense weapons at an early stage of their development. Such testing is prohibited under the 1972 anti-ballistic missile treaty with the Soviet Union. The U.S. would be forced to violate the treaty, they argued, making future arms talks virtually impossible.

"The tragedy would be if we killed all chances of an arms agreement only to find out that there is no such thing as an effective missile defense," said Paul Doty, the professor in charge of the Department of Science and International Affairs at Harvard.

Several scientists proposed research on a limited space defense system aimed at intercepting

... U.S. scientists argued that anything short of a "perfect" space defense system would fail to deter the Russians from building more ballistic weapons.

some but not all Soviet offensive weapons. Some asserted that the technology for such a limited objective either exists or could be developed relatively easily.

Alexei A. Vasiliev, the principal Soviet participant and a leading member of the Soviet Academy of Sciences, said that, as a scientist, he would be inclined to ignore the U.S. space defense initiative as unrealistic. But, he said, as a political leader responsible for the security of his country, he could not.

"We will be watching carefully, and I am sure that our industries will be told to match the American effort" with countermeasures, he said.

ON another subject, scientists pursuing civilian scientific and economic goals laid out ambitious plans of their own for the future of the space age.

"Next we will have to see whether we can go to the nearest star," said Roger Bonnet of France, who is in charge of scientific programs at the European Space Agency.

"We have been looking at Jupiter trying to understand how a thunderstorm is working there, and that's really amazing because we don't even know how a thunderstorm works on Earth," he said.

The moon is the "Panama Canal leading to Jupiter," said Heinz-Hermann Kille, the director of the Aerospace Institute of the Technical University of West Berlin.

Mr. Kille and others agreed that the moon must be turned into a "staging area," with a permanent installation there serving as headquarters, base camp and refueling station from which it would be possible to "go almost anywhere in the solar system, including Jupiter."

They explained that the moon can be reached with existing shuttle engines and that it can provide the oxygen that accounts for seven-eighths of the fuel needed for "connecting flights" to other bodies in the solar system.

Mr. Kille expects the Earth's present population of 4.8 billion to double in 50 years. That population will require much more energy and, he said, solar power stations in space are possible.

ble, with most of the materials needed for them available from the moon.

He also had a solution for disposing of nuclear waste.

"Let's put it on the backside of the moon," he said. "Ten thousand years from now people will say, 'This is exactly what we need,' and the technology for putting it there is no problem."

The deputy director of ArianeSpace, Klaus Islerand, introduced himself as "a man who is earning a living in space."

"In some areas, space industries can live on their own and be self-sustaining," he said. "We sell launchers the way other people sell aircraft; we compete with NASA for each customer, just as Boeing and Airbus and others compete for each sale of a plane."

ARIANESPACE, the marketing arm of the European Space Agency that was started in 1980, oversees the production of rocket launchers by 33 industries in 11 European countries. It does not produce satellites.

"When somebody tells us he wants to have a satellite launched, we order the launcher and conduct the launching operation," Mr. Islerand said.

He estimated that the world market for launchers and launchings would be between \$1 billion and \$2 billion a year for the next 15 years, and that ArianeSpace would get between 33 and 40 percent of the business. The rest will go to the National Aeronautics and Space Administration or to private industry in the United States after the U.S. space agency drops the Atlas Centaur and Thor Delta launchers, as it has decided to do.

Mr. Islerand said that the world market for satellites would be between \$3 billion and \$6 billion a year for the next 15 years.

Caspar Vostes, a professor of geology and a specialist in remote-sensing programs from the Netherlands, made an impassioned plea to the hi-tech nations to develop and finance the distribution of space technology that could serve Third World countries.

Although the Earth now can be observed from space, he said, geological mapping in many parts of the world is still at the level used by the Egyptians 3,000 years ago.

He described an experiment in which soil-moisture measurements obtained by satellite have been turned over to a station in Niger where they are being used by African farmers stricken by drought.

Bad weather may be only an inconvenience to some people, he said, looking out on Berlin's frozen Wannsee, but it may make the difference between life and death in many parts of the world unless the rich nations step in with the latest technology.

In the 27 years since the Soviets launched their first Sputnik, space has become so overcrowded that flight paths of U.S. shuttles must be charted to avoid collision with about 5,000 other orbiting objects, according to Mr. Doty.

A recent shuttle passed within 14 kilometers (8.6 miles) of a satellite as both were traveling at a speed of about 10 kilometers a second, he said. The observation port of another shuttle was hit by an small object.

Of 14,000 objects launched into space since the first Sputnik, about 9,000 have fallen to Earth or burned up in the atmosphere. That leaves 5,000 still in space, he said, about the same number as there are ships on the world's seas on any given day 3,000 years after man first started sailing.

Some scientists at the meeting said they feared that military men were gaining more and more influence on space policies both in the United States and in the Soviet Union, and that scientific research would be increasingly sacrificed to military objectives.

NASA, until two years ago, received a greater share of the annual federal budget than did the military, but this trend has been reversed, a participant noted.

Mr. Yonas, the Pentagon scientist, countered that about half the funds spent on research for a space defense system also serve civilian uses.

HIGH TECHNOLOGY



THE CONCORDE. THE MOST-RESEARCHED, FASTEST AIRPLANE IN THE SKY, SPEEDING YOU FROM NEW YORK TO PARIS IN A REMARKABLE THREE AND A HALF HOURS. THE CONCORDE. JUST ANOTHER EXAMPLE OF THE HIGH LEVEL OF TECHNOLOGY YOU FIND WHEN YOU FLY AIR FRANCE.

AIR FRANCE
WE'RE AIMING EVEN HIGHER

ARTS / LEISURE

Godard's 'Marie': No Symptoms of Piety

By Thomas Quinn Curtiss
International Herald Tribune

PARIS — Though Jean-Luc Godard is 54, he remains the bad boy of the cinema. He loves to turn everything topsy-turvy, to startle



Jean-Luc Godard

traditionals and to tweak hyper-sensitive noses.

His latest opus, "Je vous salue, Marie" (I Salute You, Mary), was threatened briefly with censorship. Its showing in Versailles last week was halted after protests from two

MOVIE MARQUEE

Catholic organizations, but the Catholic daily *La Croix* called the work "a great Christian film." A court reversed the Versailles ban Tuesday, but the film meanwhile has received invaluable publicity.

"Marie" sets the mystery of the Incarnation against a contemporary background, though employing Bach's sacred music as occasional accompaniment. Marie (Mary) is a gasoline station attendant. Joseph is a taxi driver. The angel Gabriel visits them in the guise of a drunken roughneck. This

bold transposition is realized in 24 sketch-like sections done in the typical New Wave manner.

There is an episode in which Marie, after miraculously becoming pregnant, lies in her bath contemplating her body, and another in which she disrobes for examination in a doctor's office. It seems these scenes have brought the charges of sacrilege, though both are quite innocent. A line here and there is in dubious taste. One scene will suffice: When the child Jesus is 4, he runs off into the woods during a holiday excursion and Joseph asks when he will return. "At Easter," replies Marie. Some of the talk is tough, to fit the chosen milieu, and may offend the prudish.

Godard, perhaps remembering St. Thomas Aquinas's dictum that faith is beyond human reasoning, accepts the authenticity of the mar-

able, but shows no symptoms of incipient piety in this endeavor. Indeed he is very much his familiar self in his dry, objective narration of a drama that, theoretically, calls for a lyric eloquence to which he never rises.

Myriem Roussel, playing Marie, is remote from the serene Madonnas of the Italian masters. She is an athletic virgin, a member of a basketball team. She is outspoken, often rude. Thierry Rode as Joseph, Philippe Lacoste as the angel and the other players are regulation New Wave robots. Godard has neglected to individualize them while concentrating on the situations of his script. As a film, "Je vous salue, Marie" is a curious and not wholly successful experiment.

Accompanying Godard's sensa-tional-maker is "Le Livre de Marie," by one of his disciples, Anne-Marie



Myriem Roussel as Marie.

Mieville. This is a brief account of an 11-year-old girl's reaction to her parents' separation. Rebecca Hampton is the puzzled child. Bruno Cremer plays her father and Aurélie Clement is her mother. It is an honorable first directorial try in no way related to the main feature.

Ungaro, Chanel Turn Out Gems

By Hebe Dorsey
International Herald Tribune

PARIS — Tuesday was a good day for Paris couture, with Emanuel Ungaro and Karl Lagerfeld (for Chanel) delivering creme de la creme collections. The clothes looked like jewels and the feeling of luxury was supreme.

Perfection was carried out in the smallest details. At Ungaro, the

PARIS FASHION

Alexandre chignons were divine and the coils by Jean Barthelemy of a fairy tale. Barthelemy, an artisan from the old couture days, stayed up two nights to glue pearls and sequins onto these coils. Chanel was also exceedingly quality-conscious, with pearly makeup matching the 18th-century pastel silks.

Although these clothes are supposed to go to a limited, almost confidential audience, couture is beginning to attract the trade as well. Sonia Caproni, in charge of fashion for I. Magnin of San Francisco, attended all these collections. "I like them better than ready-to-wear," she said.

At Ungaro, the first row told the story: color, color and more color. Marie-Hélène de Rothschild wore a red cardigan over a purple dress and Marie-Hélène (Bootsie) Galbraith was in a cheery green. Lynn Wyatt of Houston, whose husband is an oil tycoon, was in petrol blue, and the Brazilian Carmen Mayrick Vega had on a hot-pink coat. Isabelle d'Ornano's red stockings matched her bag and sweater.

None of them, however, came anywhere close to the brilliancy of Ungaro's palette. His opening trio consisted of very short suits in parakeet colors such as turquoise, green and hot pink. Thereafter he mixed bold colors with a fearless hand. There was a circus, slightly garish element in the mixtures of turquoise, yellow and pink, but the

net result was as invigorating as a pep pill.

Ungaro also showed stunningly cut pantsuits in gray or white. The look was unmistakably his, with pants cut on the bias and important but softly gathered sleeves. The updating came from simply cut, lightly embroidered, V-neck blouses. Jackets stopped either at the waist or on the hips, where they were strongly draped. The new lapels were huge and floppy. When Ungaro mixed gray and white, it was quite pretty.

The most significant new look at Ungaro was a short and flirtatious little dress, draped within a millimeter of the figure and with a rose planted smack on the derriere. His strapless dresses were often decorated with long shawls, draped around the neck and ending in a big silk tassel.

Most of the evening dresses were short and sexy, except for some complicated, vaguely ballet-Russ-concoctions with much too much going on. But Ungaro said he had to have a little fun.

At Chanel, Lagerfeld did a Watteau look, inspired by the recent Watteau exhibition at the Grand Palais. Lagerfeld has always been an 18th-century fan; he has worn his hair in a ponytail for years and both his Paris apartment and his Brittany chateau are crammed with 18th-century treasures.

He is not the only one wearing a ribbon in his hair these days. The Grand Hotel salon, where the show was held, was full of ribbon bows. Princess Caroline of Monaco's was in brown velvet. Watteau and Chanel may sound like oil and water, and white ruffles may come as a shock to Chanel lovers, yet Lagerfeld made it work, especially in a navy and white Pierrot suit that is sure to become a best seller. The Watteau notes included the decor, with a backdrop of forest and statuary painted by the stage set designer Claude Maury.

There were big satin berets, courtier's satin costumes, shoes decorated with ribbon cockades and 18th-century colors such as lime and ice blue together. At the end, a group of Petit Trianon milkmaids reproduced the period look to the smallest detail, including crushed roses in the hair and stiff petticoats under full skirts cropped above the ankle. This worked only on the prettiest and youngest models; everybody else looked like decorated mules.

Lagerfeld also had a lot of bread-and-butter suits, changing the shoulders here (bigger and broader) and the sleeves there (with a particularly good new one). The Chanel length is no longer with us.



Ungaro's criss-cross draping.

and Lagerfeld is playing around with hemlines, including some well below the calf. This was particularly pretty in a huge jersey coat with trenchcoat epaulettes.

Nobody need worry about the future of this house, whose bottom line evidently reads like a gold mine's. Marie-Louise de Clermont-Tonnerre, spokeswoman for Chanel, would not reveal the 1984 figures except to say that they had doubled, for both couture and ready-to-wear, from 1983's results. A new Chanel boutique opened in Hawaii last fall and one is opening on Los Angeles's Rodeo Drive in February.

With scores of rich and elegant women in town, Paris is in a festive mood and all kinds of parties are going on. But the nicest, held Monday night at Maxim's, went virtually unnoticed next to the big bash given there at the same time by the house of Dior. No princesses here: just 35 starry-eyed students, quite a few of them from the University of Delaware, who were celebrating the conclusion of their fashion and interior design programs at the Par- is American Academy. Their host was the school's director, Richard Roy, who said that in addition to dining at Maxim's ("They give us a [group] rate") the students were going to see several collections and visiting the Louvre and Versailles.

Cottesloe's Medieval Mystery Plays Are a Breathtaking Vision

By Michael Billington
International Herald Tribune

LONDON — One of the continuing delights of the National Theatre in recent years has been its rediscovery of medieval mystery plays with a company directed by Bill Bryden. They started in 1977 with "The Passion," added "The

THE LONDON STAGE

"Nativity" in 1980 and have completed this triptych with "Doomsday." The three plays, in the Cottesloe Theatre repertory, are on rare occasions performed in a single day in strict chronology, under the collective title "The Mysteries." The result is a breathtaking vision of humankind, from the Creation to Judgment Day.

They were originally written and performed by 14th-century craftsmen but, far from being crude, they show a profound understanding of drama. When Abraham prepares to sacrifice Isaac he expresses his pious dilemma in simple words —

"Make them ready, my darling, for I must do a little thing — that pierce one to the heart. And when the soldiers nail Christ to the cross, the emphasis is on the sheer breaking difficulty of levering the cross into position. The deepest religious matters are dealt with in homely language. Tony Harrison's five-hour adaptation of the three plays together preserves their colloquial, alliterative power.

The other reason for the plays' success is that Bill Bryden's production combines a democratic simplicity with an intense theatricality. Most of the audience members promenade on the floor of the Cottesloe with the action erupting amid them, the actors wear work-clothes (Christ is crucified in overalls), and the guttering, overhanging lights are suspended in domestic utensils such as garbage cans, colanders and cheese graters.

Bryden also manages to find a distinct tone for each play. "The Nativity" is festive and celebratory. "The Passion" is somber and low-key. The most remarkable is

"Doomsday," which veers between apocalyptic vision and redemptive joy. The designer, William Dudley, brings off one monumental visual coup with the vision of souls in torment: Black curtains part to reveal a spinning, skeletal, metallic Ferris wheel with a relief map of the world on the outside and, inside, people twisting and writhing on parallel bars. At other times, the production achieves its effects with utter directness. The resurrected Christ appears amid his followers in a shabby coat; when he eats bread and fish with the disciples, he licks his fingers in mortal fashion.

One minor caveat about "Doomsday" is that the notion of everlasting perdition is treated as a slight joke: When selected members of the audience are seized ("Tidy life was one lecherous lay") and dispatched into a waste-disposal unit

it all becomes a bit larky. But, that lapse aside, the triumph of "The Mysteries" is that they bring religious drama alive for a modern audience in a modern way.

The last play by the 38-year-old English political dramatist, Howard Barker, was "A Passion in Six Days," but that was concerned with the backstage machinations of a Labor Party conference rather than Christ's sufferings. Barker's new play, "The Power of the Dog," presented by the Joint Stock Company at Hampstead Theatre, is about the eternal battle between the individual spirit and the juggernaut of state tyranny. It shows Barker's usual flair for strong images and taut dialogue but it lacks the narrative clarity that makes for good drama.

It starts promisingly, with a post-Stalinist meeting between Stalin and Churchill in which the two leaders carve up Europe and in which the latter proclaims that "no medieval prince could reach down as we do into the lives of the as-yet unborn." But Barker then intercuts between the Kremlin and the Polish plains, where a fugitive Hungarian photographer is seeking her dead sister and is being amorously pursued by a Russian Army officer. The point seems to be that the individual can do relatively little to combat the mad dog of history. But despite very good performances from Stephanie Fayerman as the Mother Courage-like photographer and Philip McGough as a bull-necked, brutally joyful Stalin, the play never makes one care about its people and it buries its message under shock juxtapositions.

DOONESBURY



Getty Museum Buys Bouts Painting

United Press International

LOS ANGELES — The J. Paul Getty Museum has purchased a 15th-century Flemish painting that is part of a lost masterpiece, officials say.

The depiction of the "Annunciation" by Dierick Bouts was purchased privately. The museum refused in its announcement Sunday

to reveal the price. The work will go on display in mid-February.

Scholars believe the piece the Getty bought is a section of Bouts's lost masterpiece, "The Altarpiece of the Sacrament," a five-part work executed in about 1464 to 1468 for the church of St. Peter in Louvain, Belgium.

NYSE Most Actives

Vol.	High	Low	Last	Chg.
AT&T	22.75	22.50	22.50	-1/4
IBM	125.00	124.00	124.00	-1/2
GE	28.00	27.50	27.50	-1/4
AMER	15.00	14.50	14.50	-1/4
DUKE	11.00	10.50	10.50	-1/4
WAL	10.00	9.50	9.50	-1/4
UNITED	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4

Dow Jones Averages

Index	Open	High	Low	Last	Chg.
Indus	1227.75	1232.00	1224.00	1224.00	+14.75
Transp	648.00	649.00	647.00	647.00	+1.00
Comp	515.00	515.00	513.00	513.00	+2.00

NYSE Index

Index	Open	High	Low	Last	Chg.
Composite	1032.00	1032.00	1030.00	1030.00	+2.00
Indus	1032.00	1032.00	1030.00	1030.00	+2.00
Transp	1032.00	1032.00	1030.00	1030.00	+2.00
Comp	1032.00	1032.00	1030.00	1030.00	+2.00

NYSE Diaries

Index	Open	High	Low	Last	Chg.
Advanced	1032.00	1032.00	1030.00	1030.00	+2.00
Declined	1032.00	1032.00	1030.00	1030.00	+2.00
Unchanged	1032.00	1032.00	1030.00	1030.00	+2.00
Volume	1032.00	1032.00	1030.00	1030.00	+2.00

AMEX Diaries

Index	Open	High	Low	Last	Chg.
Advanced	1032.00	1032.00	1030.00	1030.00	+2.00
Declined	1032.00	1032.00	1030.00	1030.00	+2.00
Unchanged	1032.00	1032.00	1030.00	1030.00	+2.00
Volume	1032.00	1032.00	1030.00	1030.00	+2.00

NASDAQ Index

Index	Open	High	Low	Last	Chg.
Composite	1032.00	1032.00	1030.00	1030.00	+2.00
Indus	1032.00	1032.00	1030.00	1030.00	+2.00
Transp	1032.00	1032.00	1030.00	1030.00	+2.00
Comp	1032.00	1032.00	1030.00	1030.00	+2.00

AMEX Most Actives

Vol.	High	Low	Last	Chg.
BAT	22.75	22.50	22.50	-1/4
IBM	125.00	124.00	124.00	-1/2
GE	28.00	27.50	27.50	-1/4
AMER	15.00	14.50	14.50	-1/4
DUKE	11.00	10.50	10.50	-1/4
WAL	10.00	9.50	9.50	-1/4
UNITED	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4

AMEX Most Actives

Vol.	High	Low	Last	Chg.
BAT	22.75	22.50	22.50	-1/4
IBM	125.00	124.00	124.00	-1/2
GE	28.00	27.50	27.50	-1/4
AMER	15.00	14.50	14.50	-1/4
DUKE	11.00	10.50	10.50	-1/4
WAL	10.00	9.50	9.50	-1/4
UNITED	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4

NYSE Most Actives

Vol.	High	Low	Last	Chg.
AT&T	22.75	22.50	22.50	-1/4
IBM	125.00	124.00	124.00	-1/2
GE	28.00	27.50	27.50	-1/4
AMER	15.00	14.50	14.50	-1/4
DUKE	11.00	10.50	10.50	-1/4
WAL	10.00	9.50	9.50	-1/4
UNITED	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4

Dow Jones Averages

Index	Open	High	Low	Last	Chg.
Indus	1227.75	1232.00	1224.00	1224.00	+14.75
Transp	648.00	649.00	647.00	647.00	+1.00
Comp	515.00	515.00	513.00	513.00	+2.00

NYSE Index

Index	Open	High	Low	Last	Chg.
Composite	1032.00	1032.00	1030.00	1030.00	+2.00
Indus	1032.00	1032.00	1030.00	1030.00	+2.00
Transp	1032.00	1032.00	1030.00	1030.00	+2.00
Comp	1032.00	1032.00	1030.00	1030.00	+2.00

NYSE Diaries

Index	Open	High	Low	Last	Chg.
Advanced	1032.00	1032.00	1030.00	1030.00	+2.00
Declined	1032.00	1032.00	1030.00	1030.00	+2.00
Unchanged	1032.00	1032.00	1030.00	1030.00	+2.00
Volume	1032.00	1032.00	1030.00	1030.00	+2.00

AMEX Diaries

Index	Open	High	Low	Last	Chg.
Advanced	1032.00	1032.00	1030.00	1030.00	+2.00
Declined	1032.00	1032.00	1030.00	1030.00	+2.00
Unchanged	1032.00	1032.00	1030.00	1030.00	+2.00
Volume	1032.00	1032.00	1030.00	1030.00	+2.00

NASDAQ Index

Index	Open	High	Low	Last	Chg.
Composite	1032.00	1032.00	1030.00	1030.00	+2.00
Indus	1032.00	1032.00	1030.00	1030.00	+2.00
Transp	1032.00	1032.00	1030.00	1030.00	+2.00
Comp	1032.00	1032.00	1030.00	1030.00	+2.00

AMEX Most Actives

Vol.	High	Low	Last	Chg.
BAT	22.75	22.50	22.50	-1/4
IBM	125.00	124.00	124.00	-1/2
GE	28.00	27.50	27.50	-1/4
AMER	15.00	14.50	14.50	-1/4
DUKE	11.00	10.50	10.50	-1/4
WAL	10.00	9.50	9.50	-1/4
UNITED	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4
AMER	10.00	9.50	9.50	-1/4

AMEX Most Actives

Vol.	High	Low	Last	Chg.
BAT	22.75	22.50	22.50	-1/4
IBM	125.00	124.00	124.00	-1/2

AMEX prices P.12 Earnings reports P.13
NYSE prices P.7 Gilt rates P.9
NYSE interest rates P.9
Canadian stocks P.14 Market summary P.7
Currency rates P.9 OTC stock P.10
Commodities P.10 OTC stock P.10
Dividends P.10 Other markets P.14

WEDNESDAY, JANUARY 19, 1985

**

Herald Tribune
BUSINESS/FINANCEU.S. Stocks
Set Record, Page 7

Page 9

INTERNATIONAL MANAGER

More European Executives
Move Into Top Posts in U.S.By SHERRY BUCHANAN
International Herald Tribune

NEW YORK — Increasing numbers of European executives working for American companies overseas are finding that their corporate horizons are no longer limited to the subsidiary itself. In the past 10 years, U.S. companies overseas have increasingly replaced American managers with Europeans. These Europeans, in turn, are now moving into top slots at the parent corporations.

Still, the numbers are small. If there are barriers to the No. 1 and No. 2 corporate slots, they seem to be the same for all executives regardless of their passport. Senior executives point out that there isn't much room at the top in the first place.

"We must be rather a small club of Europeans at the president level of U.S. corporations," says J.P. van Rooy, the Belgian president of Carrier International, a subsidiary of United Technologies Corp. "I wouldn't say it was difficult for a European. There are just very few seats at the top."

The small club of Europeans occupying the top two spots at major American companies includes Harry Taylor, president of Manufacturers Hanover Trust, who is British; Dennis Weatherstone, executive vice chairman of Morgan Guaranty, also British; Anthony J.F. O'Reilly, chief executive officer of H.J. Heinz Co., from Ireland; Michel C. Bergerac, chairman and chief executive of Revlon Inc., from France; and Pierre Gosselard, chairman of AMAX Inc., the big metals concern, also from France.

In comparison, there are hardly any Americans heading large European companies. Foreign accents, for one, do not seem to be a problem in U.S. boardrooms. "I could never manage to lose mine," says Mr. Bergerac of Revlon.

Most of the executives that have made it in the United States started out one of three ways. A few, of course, have arrived from the European subsidiaries of U.S. companies. Some came to the United States during World War II and planned U.S. careers from the outset. Others arrived on scholarships, and stayed on to join U.S. corporations.

Mr. Bergerac, for example, who came to the United States on a Fulbright Scholarship, spent a year working on farms and ranches. "It wasn't a conscious decision," he says of his decision to join Cannon Electrical, a California-based company that was later bought up by ITT Corp. "Getting the opportunities is what is important here. Unlike in Europe, youth is considered a virtue."

Clearly, there is no major trend under way: European executives are not swarming into the country to fill top U.S. corporate positions. For one thing, U.S. companies who do not wish to promote from within typically look for talent among competing U.S. companies in their industry. "A client wouldn't want us to look outside the United States until we exhausted our search in the U.S.," said Mike Hyde, a partner with the executive search firm of Egon Zehnder in New York. "Seldom will a U.S. company, for a top position, say I want you to look around the world."

For most Fortune 500 companies, the U.S. market is still the primary source of management talent. "If you get a very large corporation with 27 local managers, it doesn't mean there is a 27-to-1 chance that the CEO be a foreigner," said Alexander Brody, the Hungarian-born president and chief executive of Dentco Young and Rubicam Inc., a major advertising company. "But it's not impossible to make it. Of course manufacturing companies will look for their people where business is large."

Although there are no available statistics for the number of European executives employed by U.S. corporations, Brooks Chamberlain, vice president of Korn Ferry International, the executive search firm, suspects there are more Europeans in U.S. service businesses — banking, insurance and management consulting — than in manufacturing. "In the service industries the

(Continued on Page 11, Col. 3)

Currency Rates

Late interbank rates on Jan. 19, excluding fees.

Official fixings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates at 4 P.M.

	\$	£	D.M.	F.F.	Y.	Sw.	S.F.	Yen
Amsterdam	3.2975	1.9375	12.0950	6.5500	16.3500	134.50	124.50	140.90
Brussels	3.2975	1.9375	12.0950	6.5500	16.3500	134.50	124.50	140.90
Frankfurt	3.2975	1.9375	12.0950	6.5500	16.3500	134.50	124.50	140.90
London	1.1150	—	—	—	—	—	—	—
Milan	1.0150	1.9375	12.0950	6.5500	16.3500	134.50	124.50	140.90
Paris	1.1150	1.9375	12.0950	6.5500	16.3500	134.50	124.50	140.90
New York	1.0150	1.9375	12.0950	6.5500	16.3500	134.50	124.50	140.90
Tokyo	1.0150	1.9375	12.0950	6.5500	16.3500	134.50	124.50	140.90
Zurich	1.0150	1.9375	12.0950	6.5500	16.3500	134.50	124.50	140.90
1 ECU	0.6715	0.6715	0.6715	0.6715	0.6715	0.6715	0.6715	0.6715
1 SDR	0.7715	0.7715	0.7715	0.7715	0.7715	0.7715	0.7715	0.7715

Dollar Values

	Per	Per	Per	Per	Per	Per	Per	Per
1 ECU	0.6715	0.6715	0.6715	0.6715	0.6715	0.6715	0.6715	0.6715
1 SDR	0.7715	0.7715	0.7715	0.7715	0.7715	0.7715	0.7715	0.7715

Interest Rates

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

	1 mo.	3 mos.	6 mos.	1 yr.
100% discount	8.00	8.00	8.00	8.00
100% discount	8.00	8.00	8.00	8.00

U.S. Steel
Rebounds
In 1984\$493-Million Net
After Loss in '84

The Associated Press

PITTSBURGH — U.S. Steel Corp., the leading American steel producer, reported Tuesday 1984 profit of \$493 million, compared with a loss of \$1.16 billion in 1983.

Earnings per common share were \$3.53 for 1984. Sales reached \$19.1 billion for the year after \$17.5 billion in 1983.

The company's fourth-quarter profit was \$29 million, or a loss of 1 cent per common share after accounting for dividends on preferred stock. Sales for the quarter were \$4.7 billion.

In the last three months of 1983, U.S. Steel had a loss of \$983 million on sales of \$4.7 billion.

In steel and related resources, the company had a \$752-million turnaround during 1984, posting annual operating profit of \$142 million after a loss of \$610 million the previous year.

A major U.S. Steel subsidiary, Marathon Oil Corp., posted operating income before foreign income taxes of \$12.7 billion on sales of \$10.2 billion last year, compared with nearly \$1.14 billion on sales of \$9.3 billion in 1983.

"We expect another profitable year in 1985, with continued emphasis on debt reduction and operating efficiency," David M. Roderick, the U.S. Steel chairman, said in a statement.

Mr. Roderick called the annual earnings "especially satisfying" in light of sagging demand for steel and lower oil prices.

"These results indicate the success of actions taken during the past three years to diversify, restructure and streamline our operations," he said.

■ Preliminary Steel Ruling
The U.S. International Trade Commission has made a preliminary ruling that allegedly unfair imports of steel from countries in the Eastern bloc and elsewhere were harming American producers. Reuters reported from Washington.

In initial votes, the commission ruled Monday against steel products from Austria, Sweden, Norway and Venezuela as well as from the Communist nations of Czechoslovakia, East Germany, Hungary, Romania and Poland.

In complaints filed with the commission, U.S. Steel, Bethlehem Steel Corp. and Chaparral Steel Co. charged that the steel was either illegally subsidized or sold at prices below fair-market value.

The Commerce Department must investigate further to determine if there were violations.



Lou Guojil, general manager of the privately owned Minsheng Shipping Co. in China.

In China, an Improbable Comeback

By John F. Burns
New York Times Service

CHONGQING, China — Each morning at daybreak, a group of old capitalists gather in a drafty warehouse in this port city to plot a little competition for the state-owned shipping company that more or less expropriated the Yangtze River 30 years ago.

Long before the mists lift from the old Chongqing port, where freight still moves on shoulder-poles and barges rest on mudflats at low tide, work is in hand on an improbable comeback. Minsheng Shipping Co., lion of the Yangtze before the Communists came to power in 1949, has risen from oblivion to challenge for cargo once again.

From nothing a few months ago, Minsheng has already started to stir the muddy waters around Yangtze River Shipping Co., the state-owned giant that dominates the 1,800-mile (2,880-kilometer) river. The privateer's barges and tugs are winning contracts with lower tariffs, well-drilled crews and on-time deliveries. Local shipyards are working around the clock to expand its fledgling fleet, and the first profits are starting to show.

For Lou Guojil, the company's 61-year-old general manager, it is the realization of a dream. The company, started in 1926 by his father, Lou Zuofu,

grew over time until it employed 8,000 workers. It helped keep Nationalist China alive by running the gauntlet of Japanese bombing during World War II. The older Lou was called a patriot by Mao Zedong, but in 1954 his 148 vessels were seized without compensation and Minsheng disbanded.

But now, under China's new leadership, competition and profit are back in, and survivors of the property-owning class are being asked to brush up old skills. Banks that have been sitting on expropriated millions are eager to lend some back to new businesses with the old entrepreneurs.

"Just like my father, I intend to see that this company is the best and most efficient in China," Mr. Lou told a visitor as they walked out to a barge sitting below the towering gorges where the Yangtze and Jialing rivers meet.

"We will give the state-owned companies the competition they need to shake them from their 'iron-rice-bowl' mentality, where everybody has a secure job no matter how little he does."

As China's leadership prods the entire country into an experimentation with capitalist economics, Minsheng is the largest and most famous old company to make a comeback. It is a modest business so far with two tugs and seven barges.

(Continued on Page 13, Col. 5)

Key Index in Japan Rises Sharply

The Associated Press

TOKYO — Japan's index of leading economic indicators rose sharply in November to its highest level in eight months, the Economic Planning Agency said Tuesday.

The agency said the increase was a sign that the Japanese economy probably would strengthen in the next few months.

In a separate report, the government said production at Japan's factories and mines fell 0.4 percent in December from the previous month.

But despite the decline, Japan's industrial production climbed 11.2 percent during 1984, the largest annual increase in 11 years.

Production had risen 3.6 percent in 1983, the government said.

In its report on leading indicators, the Economic Planning Agency said the index rose to 75 in November, the latest month for which figures are available, from 45.8 in October and 66.7 in September.

The agency said the November reading was the highest since March.

The index has 12 economic statistics, including overtime worked, machinery orders, production efficiency and the Tokyo Stock Exchange index.

The agency considers any reading above 50 to mean that Japan's economy is still expanding.

It had previously described October's below-50 reading as a temporary dip.

The decline in industrial production in December followed a revised 0.3-percent gain in November, the Ministry of International Trade and Industry said.

A ministry official said the month-to-month decline reflected a slowdown in exports of electric machinery and other products.

The double-digit industrial production gain for all of 1984 was largely the result of increased production of electric machinery, the official said.

■ More Orders Received
Japan's Construction Ministry said Tuesday that orders received by major Japanese construction firms rose to an unadjusted 9.617 billion yen (\$37.86 billion) in 1984 from 9.475 billion yen in 1983, Reuters reported from Tokyo.

The ministry said that the 43 major companies received 5.2 percent more orders in December than November, at a seasonally adjusted 794.16 billion yen from an upwards revised 754.83 billion yen.

The November figure was originally reported at 750.72 billion yen. Unadjusted, December order were down 2.2 percent from a year earlier, after a revised 8.8-percent year-to-year November drop.

The fourth-quarter performance

Productivity
Of U.S. Business
Rose in 1984

The Associated Press

WASHINGTON — The productivity of America's nonagricultural business rose 3.1 percent last year, reflecting a booming economy in the first half of 1984 and an encouraging year-end recovery, the Labor Department said Tuesday.

The rise was less than the 3.5-percent increase recorded in 1983. Nonetheless, it reflected an economic resurgence since the recession of the first two years of the Reagan administration, the Bureau of Labor Statistics said.

The bureau's productivity index rose 1.5 percent in 1981 and 0.2 percent in 1982.

Productivity is a measure of the volume of goods and services the economy puts out in an hour of paid work time.

In the nonfarm business sector in 1984, output grew 8.5 percent and hours worked rose 5.2 percent. The increase in nonfarm output was the largest since 1950 and the increase in hours was the biggest since the Labor Department began collecting the information in 1947.

Including the volatile agriculture sector, all business productivity rose 3.6 percent in 1984 over 1983, the largest jump since the 3.6-percent increase of 1971.

Output in 1984 including agriculture rose at 8.8 percent, the fastest rate in more than 30 years. A 5-percent gain in hours was the largest recorded since 1947.

In the fourth quarter, nonfarm productivity was up 1.7 percent, while in the third quarter it had declined 1.1 percent in a slackening economy, the bureau said.

"The fourth-quarter figure was a very positive one given a fairly sluggish performance for the economy," said Allen Sinai, chief economist and managing director of Shearson Lehman/American Express.

Of significance to analysts were nonfarm unit labor costs in the fourth quarter, up just 1.8 percent from the previous three-month period, when they jumped 4.7 percent.

The fourth-quarter growth in nonfarm productivity was the main factor in lowering labor costs.

"We're really locked in low inflation," said Edward Yardeni, chief economist for Prudential-Bache Securities. "Business has come to terms with labor to slow down the rate of increase" in unit labor costs.

Hourly compensation last year went up 4.7 percent, the smallest increase since the 3.4-percent increase in 1965.

Mr. Sinai said the performance of productivity growth in 1984 "augurs well for continuing low inflation."

The fourth-quarter performance

"is a surprisingly good one," said Thomas D. Thomson, senior vice president and chief economist at Crocker National Bank in San Francisco.

Mr. Thomson said the prospects for controlling inflation remain bright because of productivity growth combined with soft energy and commodity prices plus slower growth in compensation rates.

Productivity in the manufacturing sector last year was up 4.7 percent, the biggest one-year gain since the 5.4-percent boost in 1973, the bureau said.

President Ronald Reagan hailed the figures as a reflection of an economy that continues to gain strength.

"More people are working now than at any time in our history," Mr. Reagan said in response to the release of the productivity figures.

Dollar Is Higher
In Quiet Session;
Pound Steadies

The Associated Press

NEW YORK — The dollar turned higher in quiet, late trading Tuesday, reversing earlier losses. The British pound stabilized after falling to record lows in Europe on Monday.

Daniel Holland, an assistant vice president at the Discount Corp. of New York, said the prospect of dollar sales by central banks kept the U.S. currency from rising. But no intervention was reported Tuesday.

Late dollar rates in New York, compared with late rates Monday, included: 3.173 Deutsche marks, from 3.1605; 2.663 Swiss francs, from 2.658; and 9.695 French francs, from 9.661.

Frank Fusareri, a foreign-exchange analyst, said the dollar received a lift from one large purchase of the currency. He said trading was so light that the transaction had an exaggerated impact on exchange rates.

In London, the pound recovered to \$1.1152 Tuesday as OPEC ministers in Geneva worked on a price-cutting plan to stabilize the oil market among the Organization of Oil Exporting Countries. The pound had fallen to \$1.111 after discord at Monday's session threatened to break up the 13-nation oil cartel.

China to Step Up Its Efforts
To Improve Civil Aviation

United Press International

BEIJING — China, which last year purchased 19 passenger aircraft from foreign manufacturers, announced Tuesday that it has decided to speed up modernization of its civil-aviation fleet.

An official of the Civil Aviation Administration of China told the state-run news agency, Xinhua, that last year's purchases represented the nation's largest aircraft purchases.

Xinhua did not reveal the cost of the 19 aircraft, which are seven Boeing 737-200s, nine Soviet-built Tu-154s and three European Airbus A-310s.

Fifteen out-of-date planes will be retired from the fleet in 1985, the official said, adding that more jetliners and advanced telecommunication and radar equipment would go into service.

"The Civil Aviation Administration's major tasks at present are updating the air fleet, ensuring safety and improving the quality of service," said the official, who declined to be identified by name.

"The Chinese government has decided to increase investment to modernize its civil air fleet," he said.

An aging administration Soviet-built turboprop airliner crashed in Jinan on Jan. 18, killing 38 of 41 people on board.

The aviation administration, which until last year had a monopoly on commercial air service in China, has been criticized for its surly employees, poor service and inefficiency.

"In order to have civil air services keep pace with the rapid development of the national economy, the Chinese government has

decided to decentralize the Civil Aviation Administration and separate its government functions from business management," Xinhua said.

"Five new international and domestic airline companies will be set up and a number of new local airline companies will also be established," it said.

"This will intensify competition and bring about better service. It will also tend to accelerate the development of China's civil aviation business."

In the 1950s and 1960s, most of the agency's planes were purchased from the Soviet Union.

In the 1970s, Beijing bought 35 Trident jetliners from Britain and more than 30 aircraft from Boeing and McDonnell Douglas of the United States. Five of the Boeing aircraft are 747 jumbo jets.

TAPMAN
MANAGED
COMMODITY ACCOUNTS.PERFORMANCE
RESULTS FOR
COMPTREND IIBEGINNING EQUITIES
OF \$100,000
ON JANUARY 1
OF EACH YEARyielded the following
after all charges:IN 1980: +165%
IN 1981: +137%
IN 1982: +32%
IN 1983: -24%
IN 1984: -34%as of
JAN. 24, 1985
EQUITY
STOOD AT
U.S. \$103,757.68More than \$50,000,000.00
currently under management.Call or write Royal Fraser at
TAPMAN, Brand Analysis and
Portfolio Management, Inc.,
Vestal Street Plaza, New York,
New York 10005 212-269-1041
Telex BMI 66713 UIV.

Gold Prices

	A.M.	P.M.	C.M.
Gold (100 gms)	302.25	301.95	+2.10
Gold (100 gms)	304.30	304.10	+2.90
Gold (100 gms)	302.20	302.15	+4.45
Gold (100 gms)	302.50	302.25	+5.50

Official fixings for London, Paris and Luxembourg, opening and closing prices for Hong Kong and Zurich, New York Comex current contract. All prices in U.S. per ounce.

Source: Reuters.

Source: Reuters.

We think the
U.S. market
is about to
make a move.

Action Alert

1985 INVESTMENT OUTLOOK

At Bache Securities, we see the pieces to fuel a major U.S. market rally falling into place. U.S. inflation is down, interest rates are falling and we see solid earnings growth rather than a recession in 1985.

The time to take advantage of the U.S. market is now, but not without our 1985 Investment Outlook. It offers all our thinking, plus the 45 stocks we recommend for the coming year and many promising bond opportunities.

Make sure the U.S. market doesn't take off without you. Call or send in the coupon to the Bache Securities office nearest you.

London: 5 Burlington Gardens, England W1X 1LE. Tel: 439-4191. Telex: 263779
New York: 100 Gold St., Special and International Accounts, U.S.A.

BUSINESS ROUNDUP

Banks to Sell Swiss Watch Group

BIENNE, Switzerland — Swiss banks, which rescued the country's two principal watchmakers from bankruptcy two years ago, have unveiled plans to sell the restructured group to Swiss investors.

Asug-SSIH, which the banks created by merging two existing companies, are the makers of Omega, Tissot, Longines and other classic watch brands.

The company announcement on Monday noted that it had returned to profitability last year after posting an operating loss of 87 million Swiss francs (\$32.7 million) in 1983.

The company said that 7 percent of its shares will be sold to a Swiss business consultant, Nicolas Hayek, and to Stephan Schmidheiny, a Swiss industrialist. Additionally, a group of Swiss investors is being offered an option on 51 percent of share capital, the company said.

The company said that Pierre Arnold, the former head of the Swiss retail chain Migros, would become president and chief executive officer.

Texaco Net Off Sharply; Chevron Has Slight Gain

The Associated Press

NEW YORK — Texaco Inc., the third largest U.S. oil company, reported on Tuesday a \$552-million loss in the fourth quarter, citing a previously announced writedown that reflected a more pessimistic assessment of the value of its oil-producing assets.

Meanwhile, Chevron Corp., the U.S. oil industry's fourth-largest, said its fourth-quarter earnings rose 7.7 percent from the 1983 period.

Son Co. said its profit rose 123 percent, in large part because its results in the comparable period of 1983 were reduced by plant closings and the disposal of some oil and natural gas properties.

All three companies complained that earnings were dragged down by falling prices for refined petroleum products.

Texaco, based in White Plains, New York, said the large loss in the final quarter compared with a profit of \$256 million, or \$1 a share, a year earlier. Revenue rose 16.2 percent, to \$12.2 billion, from \$10.5 billion.

The loss was a result of a \$765 million writedown of assets, which was announced in November.

Without the writedown, earnings in the fourth quarter would have been \$213 million, or 82 cents a share, still a 16.8 percent drop from a year earlier.

Texaco said the 1984 results of its Getty Oil unit, which Texaco acquired last year for \$10.1 billion, "virtually offset" the financing costs related to the takeover.

For all of 1984, earnings fell 75.2 percent, to \$306 million, or \$1.03 a share, from \$1.23 billion, or \$4.80 a share, in 1983. Without the writedown, annual profit would have

been down 13.1 percent, to \$1.07 billion, or \$4.22 a share.

Revenue rose 17 percent to \$48.1 billion from \$41.1 billion.

Losses from Texaco's refining and marketing operations widened to \$309 million in 1984 from \$30 million a year earlier.

Chevron said its fourth-quarter profit increased to \$434 million, or \$1.26 a share, from \$403 billion, or \$1.18 a share, a year earlier. Revenue fell 5.4 percent, to \$7 billion, from \$7.4 billion.

For all of last year, earnings slipped 3.5 percent to \$1.53 billion, or \$4.48 a share, from \$1.59 billion, or \$4.65 a share. Revenue held steady at \$29.2 billion.

Refining and marketing profits fell 76.9 percent in 1984, to \$75 million from \$324 million a year earlier. Chevron said it would have had a \$230 million loss from those operations if it had not realized a profit of \$310 million from the sale of oil inventories.

Chevron said financing costs related to its \$13.3 billion purchase of Gulf Oil last year totaled \$541 million, but that Gulf still contributed \$40 million to its earnings.

Sun, based in Radnor, Pennsylvania, said its profit in the fourth quarter rose to \$136 million, or \$1.19 a share, from \$61 million, or 53 cents a share, a year earlier. Revenue fell 9.9 percent, to \$3.81 billion from \$4.23 billion.

In the final quarter of 1983, Sun's earnings were reduced by \$83 million as a result of belt-tightening moves.

For the year, Sun's earnings rose 18.8 percent, to \$538 million, or \$4.67 a share, from \$453 million, or \$3.84 a share, in 1983. Revenue slipped to \$15.4 billion from \$15.5 billion.

Managing Director to Leave Airbus

The Associated Press

PARIS — Franz-Josef Strauss, president of Airbus Industrie, Europe's airliner consortium, said Tuesday that its managing director, Bernard Lathière, will leave the organization.

Mr. Strauss made the statement after a meeting with Prime Minister Laurent Fabius of France. Mr. Strauss also said that Mr. Lathière's No. 2, Roger Becille, the director-general at Airbus, also leave soon for health reasons.

A spokesman at Airbus headquarters in Toulouse noted that Mr. Lathière's second five-year term will expire next month, but said that no decision had yet been made about the future of the post.

Mr. Lathière was abroad and unavailable for comment.

The spokesman said that Mr. Becille had already made known that he would be leaving the consortium during the year for health reasons.

Mr. Strauss, premier of Bavaria in West Germany, is on a private visit to France. He said he informed Mr. Fabius of Airbus Industrie's "industrial plans for the rest of the century," which he said

required quick decisions by governments.

"I want to know what the French proposals are," he said. "The next Airbus will be a long-haul, four-engine aircraft" known as the TA-11, "because the market demands it."

But development of future aircraft would only be possible on the basis of a consensus between France and West Germany, he said.

The two nations are the major partners in the consortium, the

French state-owned Aerospatiale having 37.9 percent and Messerschmitt-Bölkow-Blohm of West Germany holding an equal share. The other participants are British Aerospace, 20 percent, and CASA of Spain, 4.2 percent.

At the end of last year, the consortium had delivered 46 A-310 and 242 A-300 short- and medium-range aircraft to 44 airlines. It has orders for 109 A-10s, 251 A-300s and 51 A-320s. Its biggest client is Pan-Am, which has ordered aircraft worth more than 1 billion dollars.

Phelps to Sell Arizona Mining Stake

Los Angeles Times Service

LOS ANGELES — Phelps Dodge Corp. has announced that it will sell as much as a 40 percent stake in its Arizona mining operations to Japan's Sumitomo Corp. and Sumitomo Metal Mining Co.

Phelps said Monday that it expects to use proceeds to reduce long-term debt, which totaled about \$570 million last year. The company declined to say how much it will realize from the sale.

Phelps said it would continue to own and operate the properties, which can produce and process more than 200,000 tons of copper a year.

Phelps Dodge reported losses of \$74 million in 1982, \$63 million in 1983, with an additional loss of that magnitude expected in 1984. While consumption of copper picked up at the end of the year, a spokesman said, copper prices continued to slump until recent weeks.

BUSINESS PEOPLE

Pache Tapped As Chairman At Pechiney

By Brenda Hagerty

LONDON — The board of Pechiney Ugine Kuhlmann S.A., France's nationalized metallurgical company, on Tuesday nominated Bernard Pache as chairman to succeed Georges Besse.

Mr. Besse was named last week as chairman of Renault, the ailing French state-owned automaker.

The French cabinet will meet Wednesday to give its approval to Mr. Pache's appointment, a spokesman for Pechiney said.

Mr. Pache, 50, joined Pechiney in 1967. For the 18 months up to Jan. 1, he served beside Mr. Besse as director delegate.

In that post his responsibilities included heading Pechiney's social affairs and communications. On Jan. 1, he became director of the nuclear and electro-metallurgical division, one of Pechiney's main branches.

Mr. Besse leaves Pechiney after

serving as its head since 1982. He is credited for a rapid turnaround in the group's results after it was nationalized two years ago. After posting losses of more than 3 billion francs (\$310 million) in 1982, Pechiney expects to record a profit of about 500 million francs in 1984.

Colgate-Palmolive Co. has named Jorgen Lauridsen general manager of its operations for Belgium and Luxembourg. He moves to Brussels from his post as marketing director of Colgate Denmark.

Mr. Lauridsen succeeds Barrie M. Spelling, who has returned to the New York head office of Colgate, a health-care, cleaning, sports, food and laundry-products concern.

Crédit Lyonnais has appointed Bernard Thiolon managing director, a move designed to ensure a smooth succession upon the retirement next year of the bank's current managing director, Jacques Roche. The two will work together until Mr. Roche's retirement.

Mr. Thiolon has been with the bank, France's third largest, since 1951 and has been involved in its international division.

Wells Fargo Bank has appointed Jacques de la Chauvinière senior vice president and division manager, Europe, Middle East and Africa, based in London. He will take

over the duties of Richard J. Borda, who is leaving the San Francisco-based bank to join National Life Insurance Co. of Vermont. Mark F. Fries, Wells Fargo's representative in Spain, will become London branch manager.

Chase Manhattan Bank has named José Penan country manager for Spain, succeeding Rick May, who takes over as country manager for Chase in Brazil. Mr. Penan moves to Madrid from London, where he was executive director of the new business team at Chase Manhattan Ltd., a merchant-banking unit.

Plessey Co. has appointed Alan Jones to the new post of international director with responsibility for its operations outside Europe and North America. Since 1979, Mr. Jones has served as managing director of the displays-and-sensors division of Plessey Electronic Systems Ltd.

Logica PLC, the British computer-software concern, has opened an office in Houston to market its capabilities in automation systems for the oil and gas industries. Andy Wyke has been named to head Logica Energy Systems and he moves to Houston from a senior marketing post with Logica's Dutch operating company.

COMPANY NOTES

Ivan F. Boesky Corp. of New York announced that it has no interest in acquiring control of Dunlop Holdings PLC of Britain. The statement was issued in view of recent press articles associating Dunlop with Boesky.

Cement-Roadstone Holdings PLC of Britain said that its U.S. subsidiary, Oldcastle Inc., has conditionally agreed to buy Callanan Industries Inc. from M&S Resources Inc. for \$40 million cash.

Datapoint Corp. introduced two new storage systems as well as software enhancements for office-automation and communications software. The Texas-based company said the office-automation software includes spelling verification and correction.

Walt Disney Productions, which spent \$90 million last year on advertising, announced that all of its major divisions will now use New York-based Young & Rubicam Inc. Disney's advertising outside the United States will be handled by a variety of companies.

Dunlop Olympic Ltd. of Australia reported that it had acquired CRA Ltd.'s 14.9-percent shareholding in Chloride Group PLC but did not disclose the price. Dunlop Olympic said the holding is the largest stake in Chloride.

Guinness Peat Group PLC of Britain announced that it has conditionally agreed to buy 34.33 mil-

lion ordinary shares, or about 23 percent, of Britannia Arrow Holdings PLC from United Kingdom Temperance & General Provident Institution for Guinness Peat shares worth about \$36 million (\$40.25 million).

Kaiser Aluminum & Chemical Corp. announced that it had met with union officials last week to discuss contract changes to help the company regain profitability. Kaiser said it discussed changes, including wages, but it disclosed no details.

Peko-Wallend Ltd. of Australia announced that it has raised its multi-option borrowing facility to 100 million Australian dollars (\$81.7 million) from 75 million dollars. The facility enables Peko to draw advances and issue notes in either domestic or foreign markets.

Tate & Lyle PLC of Britain announced that a preliminary agreement had been reached to purchase Colonial Sugars Inc. of the United States. No price was reported. Colonial's net book value of the assets being acquired is \$14.5 million.

Xerox Corp. announced that it will sell and lease back its headquarters building in Stamford, Connecticut, to a limited partnership organized by Integrated Resources Inc. of New York for \$51.5 million. Xerox said the arrangement would have no effect on earnings.

HOW CONTRARIANS REALIZED 800% PROFITS

In 1982, while the DOW was dropping under 800, when the majority of investors were bearish, we rebuked the consensus, predicting "THE DOW WILL TOUCH 1,000 BEFORE HITTING 751". It is also riveting to recall that at, or near, the nadir of despair, a prestigious publication featured a story headlined: "The Death of Equities". Their orthodoxy boomeranged; the Bull rampaged to 1290, our optimism was vindicated. After the market soared, the same magazine released an article entitled: "The Re-Birth of Equities". Once again, they were myopic; the market sagged. A month ago, Business Week published a lengthy discourse with the scolding title: "The Death of Mining", an obituary for the North American mining industry.

Our cerebral juices stir, we challenge their prosaic thinking. "Pows & Elitists" are pre-conditioned to buy into weakness, to sell into strength, as we recognized when our research recommended BOEING at \$16, FORD around \$17, G.M. at \$39, SEARS under \$19 (before splits), and other seasoned shares that the "Street" once scorned, misguided by herd instinct. What gurus fail to divine is that "misery" has already been factored into the price of AMAX, ASARCO, INCO, NEWMONT, NORANDA and HELPS DODGE, that to sell after the "Group" has been decimated is to defy logic. When Elitists are ready to peddle their inventories, the Group will undergo a metamorphosis; fiscal events are rarely spontaneous combustion, movements are orchestrated.

Our forthcoming letter discusses why the DJI will gallop over 1500, why mining shares will recover, in addition, CGR focuses upon a low-priced equity with the dynamics to vault to prominence, emulating the success of a recently recommended "special situation" that escalated 800% in a brief time-span. For your complimentary copy, please write to, or telephone...



**CAPITAL
GAINS
RESEARCH**

F.P.S. Financial Planning Services by
Kaiserstraat 112,
1012 PK Amsterdam, The Netherlands
Phone: (020) - 27 51 81
Telex 18536

Name: _____

Address: _____

Phone: _____

BF 1301

Past performance does not guarantee future results

THE TOTAL EXPRESS NETWORK
DOCUMENTS, PACKAGES, CARGO, ELECTRONIC MESSAGES. MORE EXPERIENCE. MORE OFFICES IN 146 COUNTRIES WORLDWIDE.

DHL
WORLDWIDE
Changing the way the world works.

The electronics world has changed. Ask the silicon valleys of Kyoto, Surrey, California. Deep in the mainframe of a remote communication centre, a vital system cuts out. The replacement programme disk is half a world away. No matter how small the electronics world has become, there are times when materials are in the wrong place at the wrong time. And missing parts in far away places can still mean delays, shutdowns and massive losses. In developing the Total Express Network to meet the needs of global business, DHL changed all that. The fact is, no other company has our experience in delivering vital documents and parcels in businesses worldwide. DHL provides such a fast and accurate service that even the electronics industry relies on us. And you know how reliable they have to be.

Tables include the nationwide prices

up to the closing on Wall Street

Stock	Div.	Yld.	PE	Std.	High	Low	Chg.
-------	------	------	----	------	------	-----	------

[illegible]**NASDAQ National Market Prices**[illegible]

IBERIA
AIRLINES OF SPAIN

The board said executives were more hopeful that employment lev-

els would rise and labor costs fall over the next six months. Expectations of higher profits and rising sales also rose, the survey showed.

